

The Impact on the Integrity of the Tax System of IR Sharing Information with Other Public Sector Organisations

New Zealand Businesses' Perspective



National Research & Evaluation Unit

Te Wāhanga ā-motu mo te Rangahau me Aromātai

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Classification: Public

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Elisabeth Poppelwell,
National Manager Research & Evaluation (Acting),
National Research & Evaluation Unit, Inland Revenue



Analytics & Insight
Rōpu Tātari me te Mōhio

National Research & Evaluation Unit
Te Wāhanga ā-motu mo te Rangahau me Aromātai

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Section 1. Executive Summary

One of the government's objectives is to enable the general public and businesses to access and interact with public services more efficiently and effectively. Achieving this goal is dependent on there being greater information-sharing between government agencies, including Inland Revenue (IR).

Previous research suggests that the general public generally holds positive views about information-sharing between government departments, including IR (Lips, M., et al., 2010; Inland Revenue & Litmus, 2011; Inland Revenue & Litmus, 2012; Gregory, V., 2012; Inland Revenue & Research New Zealand, 2013; Bennett, A., 2013).

However, as this is a potentially sensitive issue, Inland Revenue commissioned this research to gather the views of owners of small and medium businesses regarding:

- Their agreement with Inland Revenue sharing information about individual businesses with other government departments
- Which government departments Inland Revenue should share information with
- Perceived 'risks' and 'unintended consequences' resulting from Inland Revenue sharing this information with other government departments.

This study involved qualitative interviews with 21 key informants, and a survey of 573 owners of small and medium businesses. This research was completed between February and May 2013.

Key findings

There are nine key findings based on the results of the survey.

1. New Zealand businesses' trust and confidence in Inland Revenue provides context to understand the extent to which they are in favour or not in favour of the Department sharing information about individual businesses with other government departments. The results showed that:

- 59 percent of respondents rated themselves a 7-10 on the 11-point response scale (moderate to high trust) (Figure 1, overleaf)
- 8 percent rated themselves a 0-3 (low trust)
- 33 percent of respondents sit between these two extremes.

2. Business owners' awareness and knowledge of Inland Revenue's current information sharing practices is also valuable context. The results show:

- 14 percent believed Inland Revenue definitely currently shares information about individual businesses with other government departments (Figure 2, overleaf).
- 31 percent believed Inland Revenue probably currently shares information about individual businesses with other government departments.
- 19 percent believed Inland Revenue did not share information about businesses with other government departments.
- 36 percent "did not know".

Regarding the type of government department Inland Revenue currently shares information with, the results show:

- 65 percent believed sharing happens with Government departments responsible for benefits.
- 16 percent believed sharing happens with Government departments responsible for regulating businesses.
- 13 percent believed sharing happens with Government departments responsible for goods, services and people coming in and out of the country.
- 12 percent believed sharing happens with Government departments responsible for criminal investigations.

Figure 1: To what degree do New Zealand businesses have trust and confidence in Inland Revenue? (n=573)

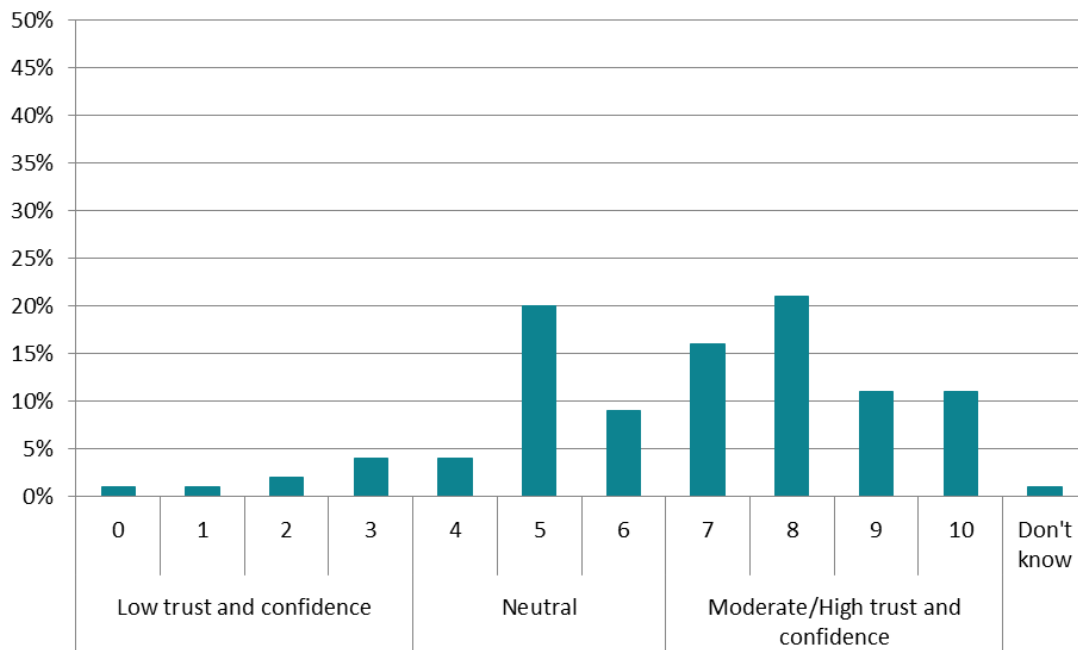
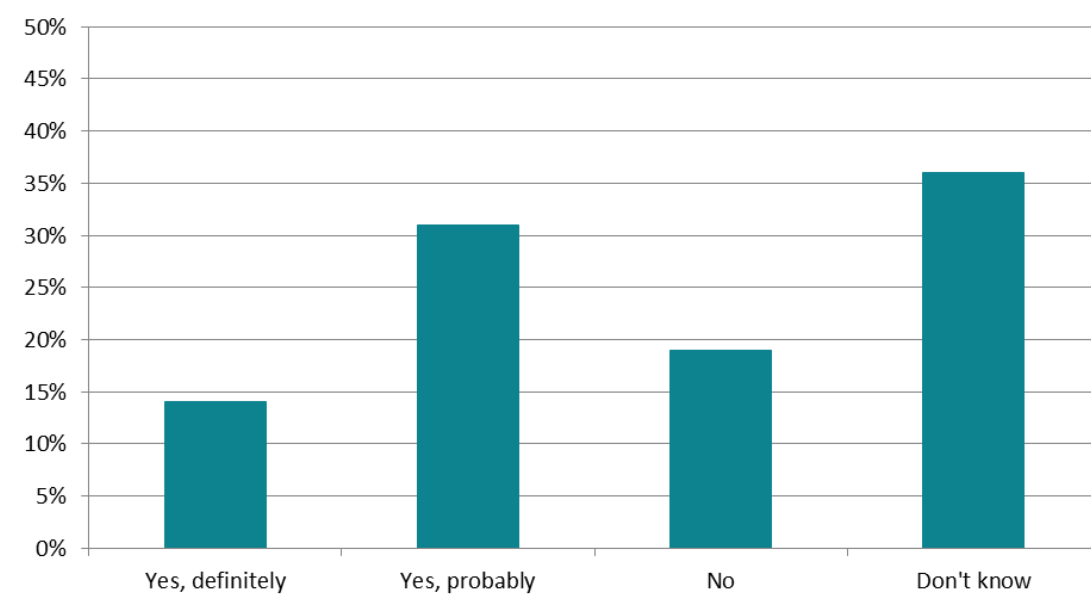


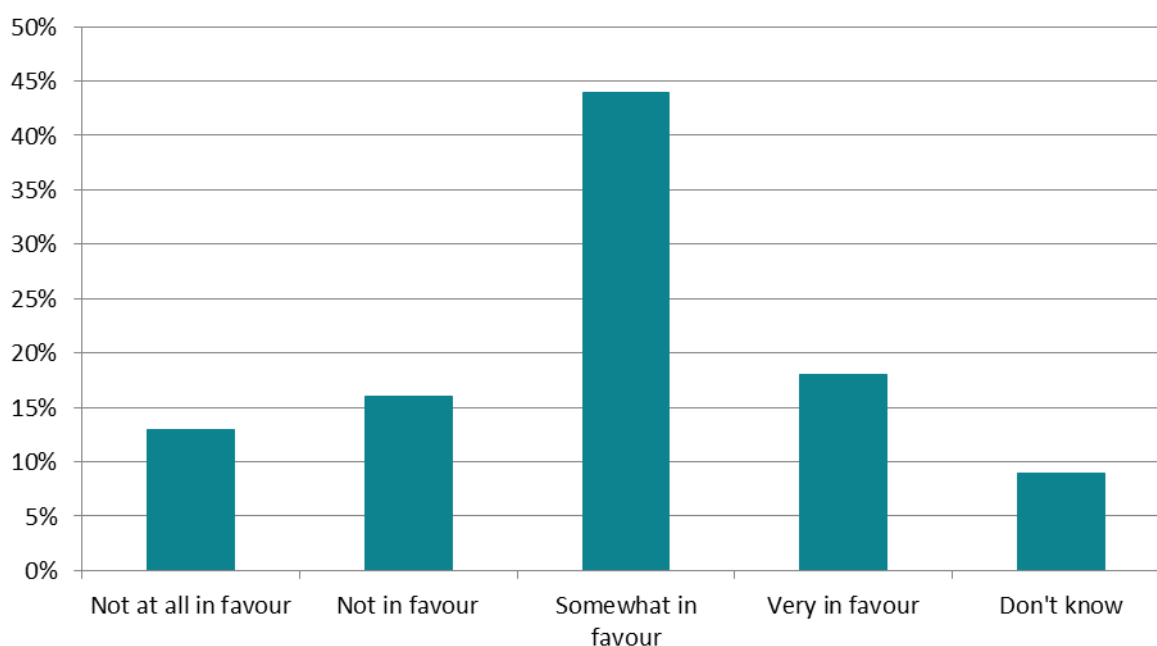
Figure 2: Does Inland Revenue currently share information about individual business with other government departments? (n=573)



3. Against this background, two of every three New Zealand businesses are in support of Inland Revenue sharing information about individual businesses with other government departments. Specifically:

- 18 percent of all respondents stated they were ‘very’ in favour of Inland Revenue sharing information about individual businesses with other government departments (Figure 3).
- 44 percent of all respondents stated they were ‘somewhat’ in favour of Inland Revenue sharing information about individual businesses with other government departments
- 29 percent were not in favour.

Figure 3: Level of support for Information-sharing with other government departments (n=573)



4. Sharing information with government departments responsible for regulating businesses is less favoured than sharing information with other types of government departments. The results showed that

- 89 percent were in favour of Inland Revenue sharing information about individual businesses with government departments responsible for benefits
- 83 percent were in favour of sharing information with government departments responsible for criminal investigations.
- 80 percent were in favour of sharing with government departments responsible for goods, services and people coming in and out of the country.

5. New Zealand businesses preferred sharing general business information rather than specific director-related information. The results were as follows:

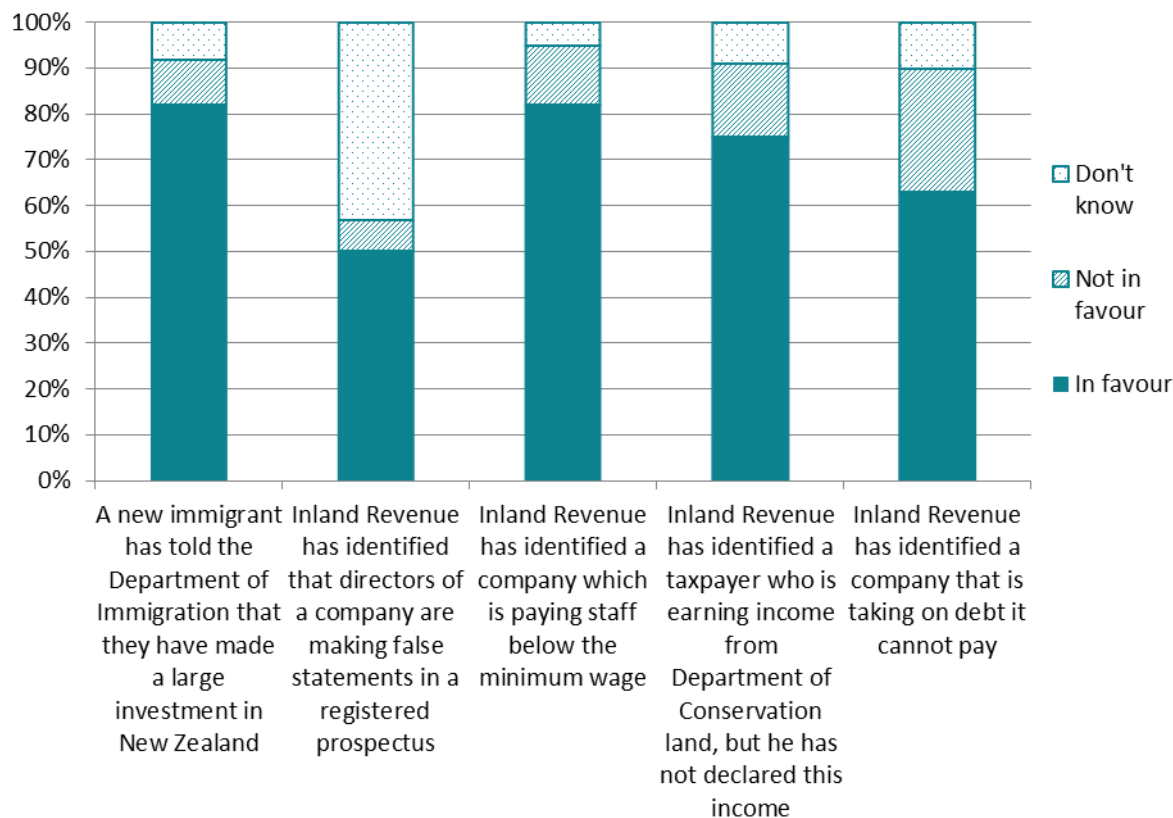
- “Name and contact details of businesses” (86 percent)
- “Names and contact details of directors” (73 percent)
- “Business turnover” (56 percent)
- “Tax paid and owed by a business” (57 percent).
- “Tax and financial information relating to the directors of the business” (47 percent)
- “Tax and financial information of other companies those directors were involved in” (46 percent).
- “Tax and financial information relating to individuals that the directors of the business are related to” (33 percent).

6. Five hypothetical information-sharing scenarios were developed by Inland Revenue and presented to all respondents for consideration (Figure 4). The results showed people favoured information sharing regarding four scenarios in particular:

- “A new immigrant not reporting a large investment” (82 percent).

- “Staff being paid below the minimum wage” (82 percent).
- “Directors of a company making false statements” (82 percent).
- “A taxpayer not declaring income from the use of DOC land” (75 percent).
- One scenario was less favoured; “a company that is taking on debt it cannot pay” (63 percent).

Figure 4: Information-sharing scenarios with government departments (n=573)



7. Opinions regarding who should oversee or manage Inland Revenue’s information-sharing practices varied as follows:

- Inland Revenue should self-regulate (27 percent)
- Privacy Commissioner (29 percent)
- Minister for Inland Revenue (9 percent)
- Courts (6 percent).

8. Respondents believed there were more benefits (55 percent) than risks with information sharing (19 percent) (Figure 5, overleaf).

- The large majority of respondents believed the benefits would be “assisting with criminal investigations” (83 percent) and “assisting with cases of benefit fraud” (83 percent) (Figure 6, overleaf).

Figure 5: More benefits or risks sharing information with other government departments? (n=573)

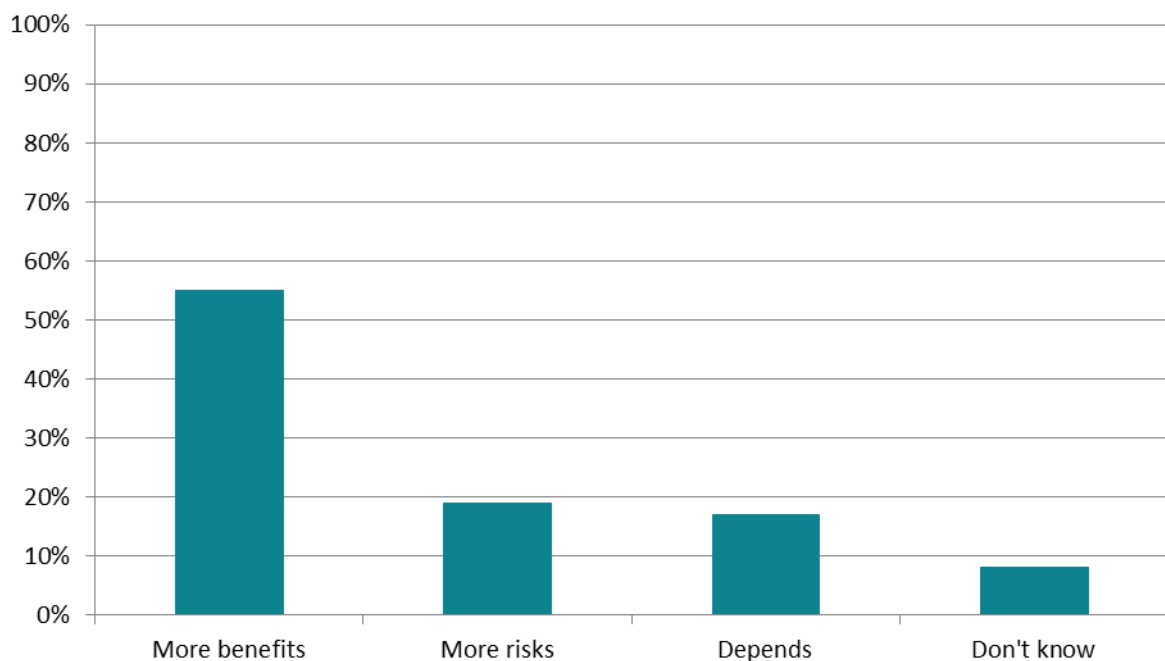
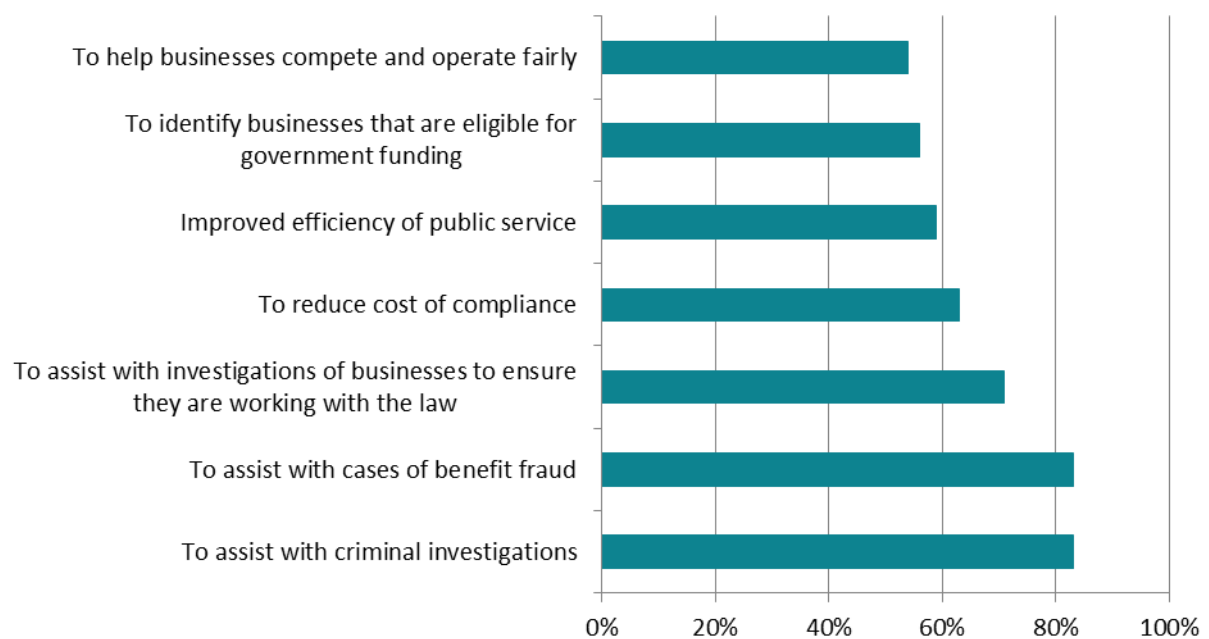
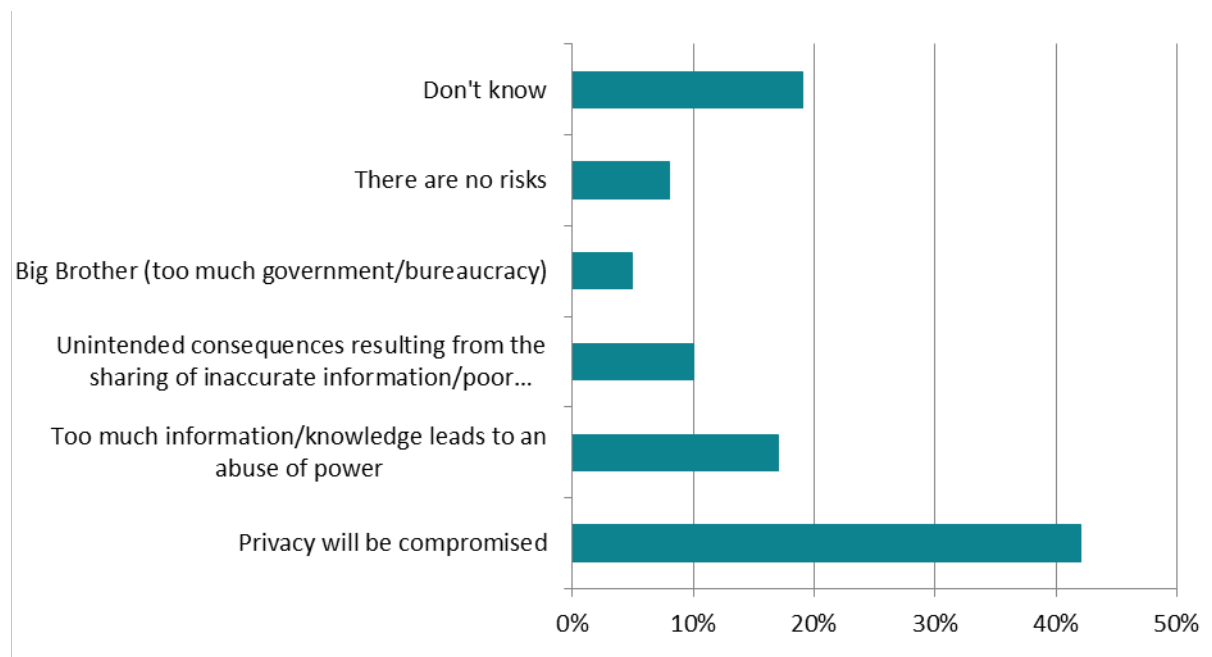


Figure 6: Opinion about the main benefits of Inland Revenue sharing information about individual businesses with other government departments (prompted) (n=573)



Respondents considered the main risk to be that “privacy will be compromised due, in part, to the fact that government departments have a poor record of managing privacy” (42 percent) (Figure 7). To a lesser, but not insignificant extent, respondents also frequently stated that there was a risk that “too much information/knowledge would lead to an abuse of power” (17 percent) and a risk that there would be “unintended consequences resulting from the sharing of inaccurate information or the poor interpretation of information” (10 percent).

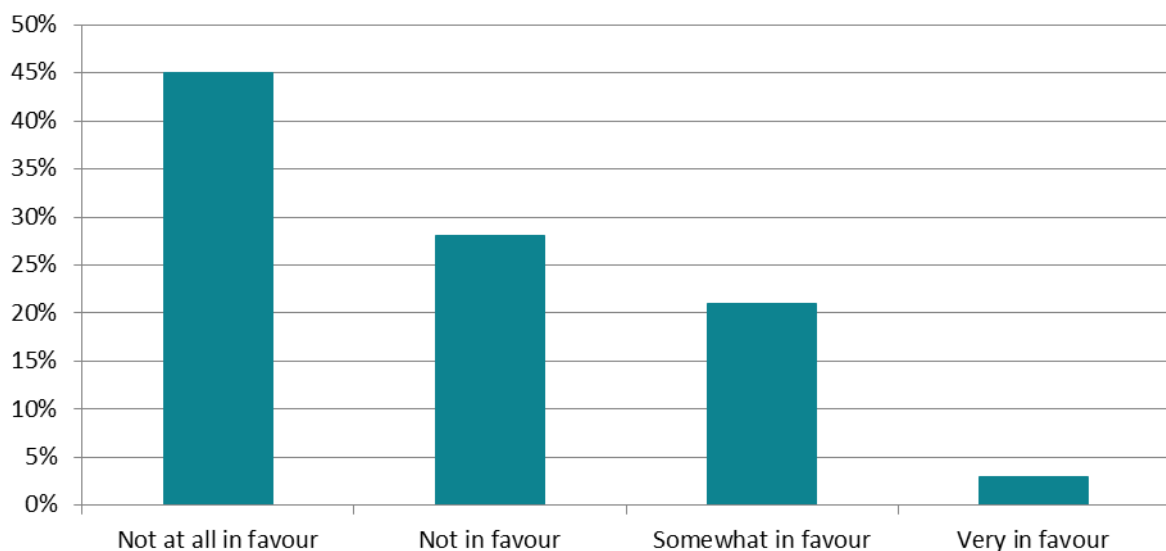
Figure 7: Opinion about the main risks of Inland Revenue sharing information about individual businesses with other government departments (unprompted) (n=573)



9. Support for Inland Revenue sharing information about individual businesses with private-sector companies is low (Figure 8, overleaf). Specifically:

- 3 percent of all respondents were very in favour
- 21 percent were somewhat in favour
- 28 percent were not in favour
- 45 percent were not at all in favour.

Figure 8: Level of support for information-sharing with private-sector companies (n=573)



Section 2. Introduction

One of the government's objectives is to enable the general public and businesses to access and interact with public services more efficiently and effectively. Achieving this goal is dependent on there being greater information-sharing between agencies, including Inland Revenue.

Background

Previous research suggests that the general public generally holds positive views about information-sharing between government departments, including Inland Revenue¹. However, as others (e.g. privately-owned New Zealand businesses and business leaders) may see information-sharing as potentially compromising the integrity of the tax system (which might, in turn, impact compliance with the tax system), Inland Revenue commissioned this research to obtain a more complete picture of stakeholder opinion.

Purpose and information objectives

Against this background, the purpose of the research was to provide an understanding of the opinions and expectations of the owners of privately-owned New Zealand businesses with regard to Inland Revenue sharing information about individual businesses with other government departments.

The research set out to collect answers to three key questions:

- To what extent are businesses in favour or not in favour of Inland Revenue sharing information about individual businesses with other government departments?
 - What do they perceive as the benefits of Inland Revenue sharing this information with government agencies?
- With which particular government departments do businesses believe Inland Revenue should share information about individual businesses?
 - What specific type of information could Inland Revenue reasonably share with these government departments?
 - In which particular situations and circumstances?
- What do businesses perceive as the 'risks' and 'unintended consequences' resulting from Inland Revenue sharing this information with other government departments?
 - How might these risks manifest themselves in practical terms and customer behaviour (e.g. non-compliant tax behaviour)?

Methodology

In order to collect the information outlined in the previous section, two discrete, but inter-related stages of research were completed:

Stage 1 - Qualitative interviews with key informants

Qualitative interviews were conducted with n=21 key informants representing four particular audiences (viz. the owners and directors of privately-owned businesses, business 'leaders', sector/professional business groups, and business 'service providers').

¹ Based on various research projects commissioned by Inland Revenue.

Completed between 5 February and 7 March 2013, by telephone and on a face-to-face basis, this qualitative interviewing was undertaken to complement the results of the survey (Stage 2) by providing more in-depth information. The qualitative interviewing also helped to inform the design of the questionnaire for the survey.

Stage 2 – Survey of owners and managers of privately-owned businesses

The interviewing for the survey was conducted with a nationally-representative sample of n=573 owners and managers of privately-owned businesses between 17 April and 10 May 2013, after a sample had been randomly selected from Inland Revenue’s administrative databases and this sample had been pre-notified about the survey. The survey effectively provides a baseline of current opinion.

Note that the survey was positioned to respondents as a survey aimed at gathering “the opinion of owners and managers of businesses about Inland Revenue sharing information about ‘individual businesses’ with other government departments”. This explanation was considered necessary so that respondents did not presume that the information Inland Revenue proposed to share was aggregated business information.

In order to optimise the survey’s response rate, a mixed methodology, based on online and telephone interviewing methods, was used to complete the interviewing. While it is not technically possible to calculate a response rate for those who were approached to complete the interviewing online, the response rate for those completing the survey by telephone is 21 percent, which is typical for this type of survey.

The raw survey results have been weighted to account for the fact that a disproportionate number of medium to large businesses responded to the survey, compared with those that were small businesses and those operated by Self-employed persons². The weighting effectively rebalanced the sample and ensured that the results presented in this report were representative of the survey population in question.

Results based on the total weighted sample are subject to a maximum margin of error of plus or minus 4.7 percent (at the 95 percent confidence level). Higher margins of error apply in the case of sub-samples of respondents.

² The weighting parameters were sourced from Statistics New Zealand.

Section 3. Qualitative interviews with key informant

Qualitative interviews were conducted with the owners and directors of privately-owned businesses and other key informants representing or associated with businesses, in order to identify and understand the range of opinions relating to Inland Revenue sharing information with other government departments.

Purpose and information objectives

Qualitative interviews were completed with n=21 key informants representing each of the following audiences, in order to complement the results of the survey with more in-depth information, while also helping to inform the design of the questionnaire for the survey:

- Owners and directors of privately-owned businesses (small to medium, and large).
- Business 'leaders'.
- Sector/industry/professional business groups.
- Business 'service providers'.

Methodology

This qualitative interviewing was conducted between 5 February and 7 March 2013, mostly by telephone, although some Wellington-based respondents were interviewed in person, on a face-to-face basis.

Key informants were recruited after Inland Revenue had initially made contact with them, although Research New Zealand also networked amongst its own business contacts to complete interviews with key informants for some audiences.

Once a mutually acceptable time had been identified for an interview, an email was sent to respondents to confirm the arrangements for the interview. This email contained an information sheet outlining four hypothetical information sharing scenarios developed by Inland Revenue. These scenarios were used during the interviewing to prompt response. These scenarios and a summary of key informants' reaction to each scenario are included in Appendix A.

All interviewing was conducted by the Researchers responsible for the research, using an Interview Guide (Appendix B) that had been developed with the assistance of Inland Revenue. The average interview length was 30 to 40 minutes.

The Interview Guide focused on five main areas of investigation:

- In general, are businesses and business leaders in agreement with the concept of information sharing amongst government departments?
 - How do businesses and business leaders feel about Inland Revenue sharing information with other government departments?
- Without compromising the integrity of the tax system - what type of information could Inland Revenue reasonably share?
 - With which particular government departments?
 - In which particular situations and circumstances?
- What risks or unintended consequences do New Zealand businesses and business leaders believe might potentially arise from Inland Revenue sharing information with other government departments?
 - And how might these manifest themselves in practical terms and customer behaviour (e.g. non-compliant tax behaviour).
- What controls and limitations, if any, do businesses and business leaders expect to be placed on Inland Revenue with regard to information sharing with other government departments?

- Is there an expectation that businesses and business leaders will be kept informed or involved with Inland Revenue's development of information sharing policies and practices?

Respondents were invited to give their consent to release a transcript of their interview to Inland Revenue. All but one key informant agreed to give their consent. A process was followed whereby key informants who agreed to give their consent were sent a draft of their transcript and asked to review and approve it. A copy of the approved transcripts can be found in a separate report document (Volume 2).

Key findings

The key findings are presented in terms of the five areas of investigation outlined above.

Are businesses and business leaders in agreement with the concept of information sharing amongst government departments?

There is general awareness of the government's proposal to increase information sharing between government departments in order to improve access and interaction between businesses and the general public with public services.

Respondents believed that one of the main benefits of this would be the implementation of a smarter, more efficient public sector where the "left arm of government is talking to the right arm". In other words, increased information sharing would lead to a decrease in the cost of compliance for businesses when interacting with the public sector.

One outcome is increased efficiency and effectiveness from the perspective that the left arm of government knows what the right is doing. So you update your information with one agency, and other agencies are notified of it. Another outcome is the criminal or the manipulative aspect that currently occurs because there is no communication between agencies. Individuals have the ability to rot the system at the expense of everyone else. Increased information sharing should enable agencies to close that loop.

Sector/industry/professional business group

Respondents were also of the opinion that information sharing between government agencies would decrease benefit fraud and other such "double dipping" activities, and that the Police would have a better success rate with criminal investigations involving money laundering and fraud.

While there was general awareness, there was no awareness of specific proposals or initiatives.

Most respondents were aware of or 'assumed' that currently information is being shared between government agencies, including Inland Revenue.

However, this level of knowledge was vague. Respondents generally took a guess at the types of agencies that Inland Revenue currently shares information with, based on what they thought were 'logical' agencies for Inland Revenue to share with. The government agencies most frequently mentioned were ACC, Customs, Immigration, the Police and WINZ.

Most respondents speculated that Inland Revenue would currently share information with these government departments for criminal investigation purposes, and to minimise benefit fraud.

I believe it's just cross-referencing to ensure that those amongst us who seek to rot the system are weeded out.

Sector/industry/professional business group

Most also assumed that the current level of Inland Revenue's information sharing is very limited, although they were unable to specify what specific information is actually being shared. Nevertheless, it was assumed that Inland Revenue currently has very strict protocols in this regard.

There was overall agreement with the concept of information sharing. However, most respondents strongly emphasised that they were only comfortable with Inland Revenue information sharing if it was accompanied by strict regulatory controls with regard to the type of information shared, with which government departments, and in which circumstances.

Some respondents reiterated, on a number of occasions during their interview, that there must be a legitimate reason to justify the sharing of information and that this should be on a “need to know” basis (as illustrated in Scenario A), compared with a “nice to know” basis (Scenario C).

Without compromising the integrity of the tax system – what type of information could Inland Revenue reasonably share and with which government departments?

Respondents did not specifically mention the types of information that Inland Revenue could reasonably share with other government departments. Instead, they tended to discuss the circumstances/reasons for why Inland Revenue would share information with other government departments.

As mentioned above, the circumstance/reason for information sharing drives the extent to which it is considered reasonable for Inland Revenue to share information.

Respondents were extremely comfortable with Inland Revenue sharing information if it was for the purpose of investigating a serious crime (e.g. money laundering and tax evasion) or benefit fraud.

These situations are about weighing up the advantages versus the disadvantages. Obviously if it is to stop criminal activity, then the pros outweigh the cons, so we should probably allow it.

Business ‘leader’

All respondents agreed that for the purpose of a criminal investigation, it would be acceptable for Inland Revenue to share all information relating to the directors of the businesses under investigation, including their associated business interests, so that the investigation was comprehensive and all avenues were fully explored.

In the context of a criminal investigation, most were also comfortable with Inland Revenue sharing information with Australian government agencies, and potentially with Australasia and beyond. However, it was expected that this information sharing would be a “two-way street”. Some respondents felt that this would be acceptable because they assumed that Australian government departments have the same privacy protocols as New Zealand government departments.

Outside of a criminal and benefit fraud investigative context, respondents were less comfortable with Inland Revenue sharing information with other government departments. In these other situations, respondents felt that the type and depth of information shared by Inland Revenue should be the absolute minimum required by the receiving department for them to carry out their investigation.

In general, there was a perception that the reasons for information sharing outside of a criminal context were a “nice to know” rather than a “need to know”, as illustrated in Scenario C.

Furthermore, there was a general belief that Inland Revenue should not share information if that information could be obtained through alternative means. This became apparent during the discussion relating to Scenario C.

Respondents believed that under no circumstances would it be acceptable for Inland Revenue to share information with private-sector companies. The discussion of Scenario D highlighted this fact, let alone the type of company referred to in this scenario (i.e. debt collecting agencies).

The discussion relating to both Scenario B and D also revealed a general discomfort with Inland Revenue sharing information when the reasoning behind it is subjective (e.g. presumed tax evasion), based on a “rating” or based on “historical information”.

With regard to Scenario B, there was a strong expectation that Inland Revenue would only share information if the tax evasion was proven beyond doubt, (i.e. “not based on a hunch”). In fact, some respondents expected there to be a criminal conviction before it would be appropriate for Inland Revenue to share information in this context.

What risks or unintended consequences do New Zealand businesses and business leaders believe might potentially arise from Inland Revenue sharing information with other government departments?

Respondents identified both positive and negative impacts of Inland Revenue sharing information with other government departments; however, more negative impacts were identified than positive ones. The negative impacts are summarised as follows:

- The potential for privacy breaches and information leaks. Respondents believed this could occur from either Inland Revenue's end or from the government department receiving the information. As mentioned earlier, the government department receiving the information from Inland Revenue might not have the same strict privacy protocols that Inland Revenue has.
- The information might be used for purposes other than what was originally intended. Additionally, the information might be received by an unintended recipient.
- Non-compliance. If people were aware that Inland Revenue was sharing their information, they might be less likely to provide it.
- Inland Revenue's image might be damaged as a result of information sharing, in that people might be more uncertain as to how Inland Revenue was going to use their business/personal information, leading to an overall decrease in trust and confidence in Inland Revenue.

I guess the risk would be that if people knew their information was likely to be shared, then they would be less inclined to provide it. So that's a big one, and it comes down to lack of trust. I guess the other big one for me is the risk of people inadvertently releasing the information, like we experienced last year several times with WINZ and ACC.

Sector/industry/professional business group

On the other hand, some respondents felt there was the potential for Inland Revenue's image to improve as a result of it sharing information with other government departments. This impact was considered to apply in that people might perceive Inland Revenue as contributing to "keeping people honest", as there would be less of an opportunity for people to claim multiple benefits that they were not entitled to without being detected.

Another positive impact of Inland Revenue sharing information that respondents identified was that, if people were aware of the information sharing between government departments, they might be less likely to try and "port the system". Furthermore, Inland Revenue's information would contribute to improving criminal investigations.

What controls and limitations, if any, do businesses and business leaders expect to be placed on Inland Revenue with regard to information sharing with other government departments?

There was a strong consensus of opinion that controls and limitations needed to be placed on Inland Revenue information sharing practices and especially with regard to:

- The circumstance or reason for information sharing.
- The types of agencies it is shared with.
- The type and extent of information shared.

There needs to be rules obviously. Where are the boundaries? If that's what you're asking, I would think that there's got to be some pretty good evidence that there's something wrong before information is shared. As I said earlier, I'm not a proponent of just sharing it for sharing's sake. There needs to be a reason.

Business 'service provider'

They've got to know that the information they put forward is completely accurate and up to date.

Small-medium business owner

It was generally agreed that, for the purposes of investigating benefit fraud, it would be acceptable for Inland Revenue to share information with other government departments on an on-going basis. However, in other situations, respondents felt that information sharing needed to be evaluated on a case-by-case basis.

Some respondents expected that people would be notified prior to their information being shared (e.g. in relation to Scenario C), although others realised that this might be an expensive exercise and therefore not at all practical. As one would expect, in the context of a criminal investigation, respondents did not believe that the person being investigated should be notified prior to their information being released (e.g. in relation to Scenario A).

Most respondents believed that there needed to be an independent regulatory control body, such as Privacy Commissioner, to oversee Inland Revenue's information sharing practices. While some considered self-regulation was an option, this was generally not respondents' preferred option.

Relatedly, there was an expectation that the agencies with which Inland Revenue shares information would have privacy protocols similar to those of Inland Revenue.

Is there an expectation that businesses and business leaders will be kept informed or involved with Inland Revenue's development of information sharing policies and practices?

Respondents had a strong expectation that Inland Revenue would keep them informed about the development of its information sharing policies and practices, and although not necessarily on an individual basis, then certainly through their sector/industry/ professional organisations.

Respondents who were 'business leaders' and represented sector/industry/professional business groups expected to be more directly involved in a consultative manner.

Section 4. Survey of business owners and managers

The survey was conducted with a nationally-representative sample of n=573 owners and managers of privately-owned businesses between 17 April and 10 May 2013. It provides a statistically accurate 'picture' of the business community's current opinions and perceptions relating to Inland Revenue sharing information with other government departments.

Purpose and information objectives

The survey was conducted in order to establish:

- Whether the business community was in favour or not in favour of Inland Revenue sharing information with other government departments (including with which agencies, in which circumstances/situations, and what information).
- Whether the business community considered there were more benefits than risks in Inland Revenue sharing information with other government departments (including what were the benefits, risks and unintended consequences of it doing so).

In addition, the survey sought to measure:

- The business community's current awareness and level of knowledge of the fact that Inland Revenue currently shares information with other government departments.
- Whether the business community was in favour or not in favour of Inland Revenue sharing information with private-sector companies.

Methodology

A survey questionnaire was developed in collaboration with Inland Revenue, and informed by the results of the qualitative interviewing (Stage 1), to satisfy the information objectives outlined above. This questionnaire was cognitively pre-tested and then piloted, before being finalised. A copy of this questionnaire can be found in Appendix C.

Note that the survey was positioned to respondents as a survey aimed at gathering "the opinion of owners and managers of businesses about Inland Revenue sharing information about 'individual businesses' with other government departments". This explanation was considered necessary so that respondents did not presume that the information Inland Revenue proposed to share was aggregated business information.

In order to optimise the response rate to the survey, a mixed methodology, based on online and telephone interviewing methods, was used to administer the questionnaire and complete the interviewing.

Where Inland Revenue was able to provide a telephone contact number for a prospective respondent, an intermediate step prior to the interviewing commencing, involved checking the telephone number that had been provided against those in the White Pages.

Where the telephone contact number was able to be verified, that prospective respondent was approached to complete the survey by telephone. All telephone interviewing was undertaken from Research New Zealand's purpose-built, CATI-enabled call centre in downtown Wellington.

Respondents with telephone numbers that could not be verified were, in turn, invited to complete the survey online as were those for whom Inland Revenue was not able to provide a telephone contact number in the first instance.

All prospective respondents were mailed a pre-notification letter, on Inland Revenue letterhead, advising them that they might be called or inviting them to complete the survey online (a copy of this letter may be found in Appendix D).

All interviewing was completed between 17 April and 10 May 2013. The average telephone interview length was 17.5 minutes, although for the first phase of telephone interviewing, the average interview length was significantly longer. This required a review of the questionnaire, resulting in some questions being deleted.

Following the completion of the interviewing, the responses from the telephone and online interviewing were merged into a master dataset and the raw data weighted. This was necessary in order to account for the fact that a disproportionate number of medium to large businesses responded to the survey, compared with those that were small businesses and those operate by Self-employed persons³. The weighting effectively rebalanced the sample and ensured that the results presented in this report were representative of the survey population in question.

While it is not technically possible to calculate a response rate for those who were approached to complete the interviewing online, the response rate for those completing the survey by telephone is 21 percent. This is about normal for this type of survey.

Only statistically significant results (at the 95 percent confidence level) are referred to this report. In this regard, results based on the total sample are subject to a maximum margin of error of plus or minus 4.7 percent (at the 95 percent confidence level. Larger margins of error apply in the case of sub-samples of respondents.

Three key variables have been used to analyse the results to this survey:

- Trust and confidence in Inland Revenue. Based on the distribution of responses to the survey question measuring trust and confidence, respondents have been divided into three groups: those who have moderate to high trust and confidence (gave a rating of 7-10 on the 11-point rating scale used to measure trust and confidence; those who have little or no trust and confidence (gave a rating of 0-3 on the rating scale); and those who were indifferent or gave a neutral response (gave a rating of 4-6 on the 11-point rating scale).
- The degree to which respondents were in favour or not in favour of Inland Revenue sharing information about individual businesses with other government departments. Two groups of respondents have been created: those respondents in favour and those respondents not in favour.
- The size of the business, measured in terms of permanent full-time and part-time employees (including the owner). Based on the responses to the survey question measuring business size, respondents have been divided into three groups: Self-employed; Small businesses, up to and including five employees; and Medium to large businesses, six and more employees.

Tabulations relating to the first two of these three variables can be found in the body of this report.

Tabulations relating to the size of the business can be found in Appendix E, although the statistically significant results relating to this variable are referred to throughout this report.

A profile of survey respondents

At the commencement of the interview, respondents were asked a number of demographic and other 'descriptive' questions in order to identify:

- Whether they were a business owner or manager.
- Their gender.
- The size (measured in terms of permanent full-time and part-time staff) of their business.
- The main activity of their business, as well as whether the business operated from one or more sites.

Additionally, respondents were asked to rate the extent to which they had 'trust and confidence' in Inland Revenue. They were asked to do this using an 11-point scale, where 0 equated with "no trust and confidence" and 10 with "full trust and confidence".

³ The weighting parameters were sourced from Statistics New Zealand.

Table 1 provides a summary of the results to these questions. The key findings are as follows:

- **Ownership.** Eighty-nine percent of respondents identified themselves as the owner of the business that was selected for the survey. As expected, this was more likely the case amongst businesses operated on a Self-employed basis. Thirty-two percent of respondents identified themselves as the manager, meaning that some owners were also the manager.
- **Business activity.** One-in-five respondents reported the main activity of their business related to property and business services (22 percent), while a similar proportion (20 percent) identified agriculture, forestry and fishing. Twelve percent described retail trade as the main activity of their business and eight percent construction.
- **Number of sites.** Well over two-thirds of respondents (71 percent) stated their business operated from one site. Therefore, 28 percent operated from more than one site and this was more likely the case amongst medium to large businesses.
- **Number of employees.** Almost one-third of respondents described themselves as being Self-employed (29 percent). Most operated small businesses of between two and five employees, including themselves (53 percent). Fourteen percent operated businesses with six or more employees, including themselves.
- **Trust and confidence.** Fifty-nine percent of respondents rated themselves a 7-10 on the 11-point scale used to measure trust and confidence in Inland Revenue, thereby indicating they had moderate to high trust and confidence in the Department. This compares with eight percent who rated themselves 0-3, thereby indicating they had little or no trust and confidence. The balance, 33 percent of respondents, sits between these two extremes.

Table 1: Respondent profile

	Total	Nil/low trust and confidence (0-3)	Neutral trust and confidence (4-6)	Moderate/high trust and confidence (7-10)
Unweighted base =	573	38	186	340
	%	%	%	%
Gender:				
Male	63	61	60	64
Female	37	39	40	36
Total	100	100	100	100
Ownership status:				
Owner	89	85	92	89
Manager	32	32	31	32
Total	**	**	**	**
Business activity:				
Property and business services	22	38	18	23
Agriculture, forestry and fishing	20	22	18	21
Retail trade	12	8	11	13
Construction	8	7	10	7
Professional, scientific and technical services	7	0	4	9
Accommodation, Cafes, Restaurants	6	5	7	6
Wholesale trade	3	1	4	2
Transport, postal and warehousing	3	8	4	2
Health care and social assistance	3	1	3	3
Manufacturing	2	1	4	1
Education and training	2	0	2	2
Electricity, gas, water and waste services	1	0	2	1
Information media and	1	1	3	1

	Total	Nil/low trust and confidence (0-3)	Neutral trust and confidence (4-6)	Moderate/high trust and confidence (7-10)
Unweighted base =	573	38	186	340
	%	%	%	%
telecommunications				
Financial and insurance services	1	0	1	1
Administrative and support services	1	0	1	0
Arts and recreation services	1	0	2	1
Other	3	4	2	44
Total	100	100	100	100
<u>Number of business sites:</u>				
One only	71	58	73	72
More than one	28	42	26	27
Total	100	100	100	100
<u>Number of employees:</u>				
One	29	37	28	28
2-5	53	48	53	54
6-9	5	6	5	5
10-19	5	4	5	4
20-49	2	1	1	3
50-99	1	0	1	0
100 or more	1	1	0	1
Don't know	6	0	0	1
Total	100	100	100	100
<u>Trust and confidence in IR:</u>				
0 ("No trust and confidence at all")	1	18	0	0
1	1	8	0	0
2	2	23	0	0
3	4	51	0	0
4	4	0	13	0
5	20	0	60	0
6	9	0	26	0
7	16	0	0	27
8	21	0	0	35
9	11	0	0	19
10 ("Full trust and confidence")	11	0	0	19
Don't know	1	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

**Total may exceed 100% because of multiple response.

Awareness and knowledge of current Inland Revenue information sharing practices

- Immediately following the demographic and descriptive questions about respondents’ businesses and their trust and confidence in Inland Revenue, respondents were asked a series of questions in order to establish their awareness and knowledge of Inland Revenue’s current information-sharing practices.

Awareness of whether Inland Revenue currently shares information with other government departments

- Fourteen percent of all respondents stated they definitely knew that Inland Revenue currently shares information about individual businesses with other government departments (Table 2). A further 31 percent were not as certain, but felt that it probably did share this type of information with other government departments.
- Therefore, on a combined basis, 45 percent of all respondents had some awareness of the fact that Inland Revenue currently shares information about individual businesses with other government departments.
- In comparison, 19 percent stated that Inland Revenue did not share information about businesses with other government departments, while many “did not know” (36 percent).
- These results do not differ by trust and confidence in Inland Revenue or size of business.

Table 2: Awareness of whether Inland Revenue currently shares information about individual businesses with other government departments

Q7. And to the best of your knowledge, does Inland Revenue currently share information about individual businesses with other government departments?

	Total	Nil/low trust and confidence (0-3)	Neutral trust and confidence (4-6)	Moderate/high trust and confidence (7-10)
Unweighted base =	573	38	186	340
	%	%	%	%
Yes, definitely	14	25	15	13
Yes, probably	31	39	32	30
No	19	15	15	21
Don't know	36	22	38	36
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Knowledge of current Inland Revenue information sharing practices

Respondents who were certain or somewhat certain that Inland Revenue currently shared information about individual businesses with other government department were then asked which government departments it shared this information.

Table 3 (overleaf) shows that, most frequently, the type of government department these respondents mentioned were those “government departments responsible for benefits” (65 percent).

Those government departments responsible for regulating businesses (16 percent), those responsible for good, services and people coming in and out of the country (13 percent) and those responsible for criminal investigations (12 percent) were less likely to be mentioned. Note, also, that six percent of respondents were unable to identify a government department with which Inland Revenue currently shared information despite them believing this to be the case.

These results do not differ by trust and confidence in Inland Revenue or size of business.

Respondents who believed that Inland Revenue currently shared information about individual businesses with other government departments were also asked to explain the reasons why (i.e. circumstances, situations) it did this and, what specifically was the type of information it shared with them.

Table 3: Types of government departments with which Inland Revenue currently shares information about individual businesses

Q8/9. And which government departments does it do this with? Total mentioned.

	Total	Nil/low trust and confidence (0-3)	Neutral trust and confidence (4-6)	<u>Moderate/high</u> trust and confidence (7-10)
Unweighted base =	266*	25**	90	147
	%	%	%	%
Those responsible for benefits	65	65	79	55
Those responsible for criminal investigations	12	12	10	15
Those responsible for regulation of businesses	16	16	19	13
Those responsible for goods, services, people coming in & out of the country	13	13	27	9
All government agencies	4	4	0	4
Other	10	10	14	3
Don't know	6	23	20	32

Total may exceed 100% because of multiple response.

*Sub-sample based on those respondents who believe Inland Revenue currently shares information about individual businesses with other government departments.

**Caution – Low base number of respondents – results are indicative only.

Table 4: Reasons why Inland Revenue currently shares information about individual businesses with other government departments

Q10/11. For what particular reasons does Inland Revenue share information about individual businesses with these government departments? TOTAL MENTIONED

	Total	Nil/low trust and confidence (0-3)	Neutral trust and confidence (4-6)	Moderate/high trust and confidence (7-10)
Unweighted base =	198*	20**	74	100
	%	%	%	%
To assist with benefit fraud	33	25	28	38
To minimise tax avoidance	19	11	18	21
To ensure people/businesses meet their legal obligations	22	31	20	21
To minimise criminal activity/assist with criminal investigations	6	15	5	6
To assist with regulatory investigations	1	0	2	0
To help business (e.g. access government funding)	0	0	0	0
To reduce the cost of compliance	0	0	0	0
For economic planning, budgeting	8	1	5	12
To improve public sector functioning/efficiency	0	0	0	0
Other	9	10	9	8
Don't know	4	0	0	7

Total may exceed 100% because of multiple response.

*Sub-sample based on those respondents who believe Inland Revenue currently shares information about individual businesses with other government departments. Note the lower base number due to the deletion of this question during data collection in order to reduce the overall interview length.

**Caution – Low base number of respondents – results are indicative only.

Given the fact that respondents most frequently identified government departments responsible for benefits as the type of government department that Inland Revenue currently shared information with, the reason most frequently mentioned was to “minimise benefit fraud” (Table 4, previous page).

Thirty-three percent gave this reason ahead of all other reasons such as to “ensure people and businesses meet their legal obligations such as to pay tax, pay fines, pay ACC levies, Child Support, etc.” (22 percent) and to “minimise tax avoidance” (19 percent). Note, also, that four percent were unable to provide a reason.

The results do not differ by trust and confidence in Inland Revenue or size of business.

While “business income and tax-related information” was most frequently mentioned as the type of information Inland Revenue shared with other government agencies (28 percent), given the fact that respondents most frequently identified government departments responsible for benefits as the type of government department that Inland Revenue currently shared information, also frequently mentioned was “employee-related information, such as numbers of, IRD numbers, immigration status” (14 percent) and relatedly, “wages and salaries paid to employees, including tax codes and benefit deductions” (six percent) (Table 5). Note, also, that 11 percent were unable to identify the type of information that Inland Revenue currently shared.

Table 5: Types of information about individual businesses that Inland Revenue currently shares with other government departments

Q12/13. Thinking about these reasons, what specific type of information about businesses does Inland Revenue share? TOTAL MENTIONED

	Total	Nil/low trust and confidence (0-3)	Neutral trust and confidence (4-6)	Moderate/high trust and confidence (7-10)
Unweighted base =	198*	20**	74	100
	%	%	%	%
Business name and contact details	4	1	4	5
Type, age and size of business	1	0	2	1
Business income or turnover, and expenses claimed	28	49	17	33
Taxes paid and owed by the business	4	16	3	3
Names and contact details of company directors	2	0	2	3
Tax and financial information about the directors of the business	4	7	3	4
Tax and financial information about other companies that directors of businesses are involved with	1	7	0	0
Tax and financial information about individuals that directors of businesses are related to	0	2	0	0
About employees (numbers of, IRD numbers, immigration status and other general information)	14	5	5	23
Wages and salary paid by businesses to employees & related information (tax codes, benefit deductions, etc.)	6	2	10	5
Suppliers and clients	1	0	2	0
Other	10	9	15	7
Don't know	11	0	11	10

Total may exceed 100% because of multiple response.

*Sub-sample based on those respondents who believe Inland Revenue currently shares information about individual businesses with other government departments.

Note the lower base number due to the deletion of this question during data collection in order to reduce the overall interview length.

**Caution – Low base number of respondents – results are indicative only.

These results do not differ by trust and confidence in Inland Revenue or size of business.

Respondents who believed that Inland Revenue currently shared information about individual businesses with other government departments were also asked if they knew 'who (currently) controls or manages' the manner in which Inland Revenue does this.

Table 6 (overleaf) shows that most respondents "did not know" (71 percent), with other respondents giving a general rather than specific answer (e.g., 11 percent stated "the Government"). Note that very few gave Inland Revenue itself (seven percent), the Minister responsible for Inland Revenue (four percent), or the Commissioner of Inland Revenue (three percent).

These results do not differ by trust and confidence in Inland Revenue or size of business.

Table 6: Who oversees or manages Inland Revenue’s current information-sharing practices

Q14. Who controls or manages how Inland Revenue currently shares information about individual businesses with other government departments?

	Total	Nil/low trust and confidence (0-3)	Neutral trust and confidence (4-6)	<u>Moderate/high</u> trust and confidence (7-10)
Unweighted base =	198*	20**	74	100
	%	%	%	%
The Commissioner of Inland Revenue	3	7	5	2
Inland Revenue/Self-regulated (general comment)	7	2	9	7
The Minister responsible for Inland Revenue/Minister of Finance	4	0	4	4
The Commissioner and CEs of government departments	1	0	2	0
Other IR manager (Senior IR staff)	2	0	0	4
The Government (Government legislation)	11	15	14	9
State Service Commission	1	0	2	0
Internal Affairs	1	0	0	1
No one	0	2	0	0
Other	2	2	0	4
Don't know	71	75	66	74

Total may exceed 100% because of multiple response.

*Sub-sample based on those respondents who believe Inland Revenue currently shares information about individual businesses with other government departments.

Note the lower base number due to the deletion of this question during data collection in order to reduce the overall interview length.

**Caution – Low base number of respondents – results are indicative only.

Level of informedness

Finally, respondents who believed that Inland Revenue currently shared information about individual businesses with other government departments were asked, in general, how informed they felt they were about this.

Table 7 (overleaf) shows that over one-half of these respondents (55 percent) considered themselves to be “not at all informed”, while another 35 percent were “somewhat informed”. In comparison, six percent considered themselves to be either “informed” or “very informed”.

The table also shows that respondents with low trust and confidence in Inland Revenue were significantly more likely than those with moderate to high trust and confidence to state that they were “not at all informed” (55 percent and 47 percent respectively). The results do not differ by size of business.

Table 7: Degree to which feel knowledgeable/informed about Inland Revenue’s current information-sharing practices

Q15. Overall, how informed would you say you are about how, and to what extent, Inland Revenue currently shares information about individual businesses with other government departments? Would you say you are...

	Total	Nil/low trust and confidence (0-3)	Neutral trust and confidence (4-6)	<u>Moderate/high</u> trust and confidence (7-10)
Unweighted base =	266*	25**	90	147
	%	%	%	%
Not at all informed	55	55	68	47
Somewhat informed	35	37	19	44
Informed	5	7	5	5
Very informed	1	1	2	1
Don't know	4	0	5	3
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who believe Inland Revenue currently shares information about individual businesses with other government departments.

**Caution – Low base number of respondents – results are indicative only.

Opinions about Inland Revenue sharing information with other government agencies

Support for Inland Revenue sharing information with other government departments

Having established respondents’ awareness and knowledge of the status quo, they were then asked whether, in principle, they were ‘in favour or not in favour of Inland Revenue sharing information about individual businesses with other government departments’. This was measured on a 4-point scale in order to measure the strength of their opinion, with 1 equating to “not at all in favour” and 4 with “very in favour”.

Overall, 62 percent of all respondents stated they were in favour of Inland Revenue sharing information, whereas 29 percent were not in favour. Another nine percent “did not know” (Table 8).

Note, also, that significantly more of those respondents who were in favour were “somewhat in favour” (44 percent) rather than “very in favour” (18 percent).

Table 8: Extent to which in favour or not in favour of Inland Revenue sharing information about individual businesses with other government departments

Q16. In principle, are you in favour or not in favour of Inland Revenue sharing information about individual businesses with other government departments? Would you say you are...

	Total	Nil/low trust and confidence (0-3)	Neutral trust and confidence (4-6)	<u>Moderate/high</u> trust and confidence (7-10)
Unweighted base =	573	38	186	340
	%	%	%	%
Not at all in favour	13	36	22	6
Not in favour	16	13	16	16
Somewhat in favour	44	35	41	47
Very in favour	18	8	11	24
Don't know	9	8	11	8
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

The table also shows that, respondents with moderate to high trust and confidence in Inland Revenue, were significantly more likely than those with low trust and confidence to state that they were in favour of Inland Revenue sharing information (71 percent and 43 percent respectively). The results do not differ by size of business.

Respondents were also asked to provide an explanation for being in favour or not in favour of Inland Revenue sharing information about individual businesses with other government departments. Table 9 (overleaf) shows the results for both sub-groups, with the key findings being as follows:

- Respondents who were in favour of Inland Revenue sharing information about individual businesses with other government departments most frequently stated this was because it would “result in less tax evasion and benefit fraud” (37 percent) and a “more efficient and streamlined government sector” (20 percent), which would relatedly result in “less compliance costs for businesses” (six percent) and “general benefits to customers with improved processes” (two percent). Note that relatively few stated it would “result in less criminal activity” (nine percent).

For a government to be able to operate effectively, there needs to be efficient chains of communication. If there are a whole lot of rules about who/what/why should know xyz, is it in the best interests of the country - or just the public service?

Survey respondent in favour of Inland Revenue information sharing

Table 9: Reasons for being in favour or not in favour of Inland Revenue sharing information about individual businesses with other government departments (by whether in favour/not in favour)

Q17. For what particular reasons are you [in favour/not in favour]?

	Total	Not in favour	In favour
Unweighted base =	527*	158	369
	%	%	%
Special position of/relationship with IR (the information provided to IR is completely private/confidential; provided under privilege in recognition of the special relationship individuals and businesses have with IR)	18	54	1
Sharing information is not IR's core business	1	4	0
Another example of Big Brother (a further intrusion)	1	5	0
Security issues (Government and government departments do not have a good record guarding confidential information; lack of security/protection; lack of checks and balances)	5	12	1
Misuse of information (information can be taken out of context; misused; used for other than the intended reason)	2	6	0
Information shared could be inaccurate, resulting in unintended downstream effects	1	1	2
I don't understand the need for IR to be sharing with others (why share; what's the benefit to the customer)	2	7	0
Sharing without prior consent is unacceptable (I don't know what information they will share, and with whom, and why)	4	12	1
Other reason given for not in favour	1	2	1
IR is part of government, so why not share with other departments (one government)	0	0	1
Will result in greater efficiency, better administration and a more streamlined government sector (avoids duplication; having to provide the same information repeatedly)	14	0	20
Could result in less criminal activity (facilitate criminal investigations; improved national security)	6	0	9
Could result in less tax evasion and benefit fraud; keep people honest	25	0	37
Could result in less compliance costs for businesses	4	0	6
Could benefit customers with improved processes and applications	2	0	2
Could be useful for research and development, statistical purposes	3	0	4
Could help the economy (grow)	1	0	1
It depends on what information they will share, and with whom, and why; it's a fine line (it would need to be done for a specific and good reason)	5	3	7
If it was done efficiently and effectively (i.e. privacy not compromised; or processes abused), I have no problems	2	0	3
Could lead to mistrust of IR	1	2	0
I'm not bothered by this issue; I have nothing to hide	2	0	3
Other reason given for somewhat in favour	5	0	7
Will keep people honest	2	0	2
Will result in a fairer system, more even playing field	1	0	1
It is important that government is honest and transparent (and people know what is happening to their data)	1	0	1
Other reason given for very in favour	1	0	2
Don't know	7	7	7

Total may exceed 100% because of multiple response.

*Sub-sample excludes those who did not specify if they were in favour or not in favour of Inland Revenue sharing information with other government departments.

I believe there should be a certain amount of privacy which other departments do not need to know. However, there would definitely be information that would need to be shared for the welfare of all New Zealanders in general. If people are 'ripping' off the system, etc.

Survey respondent in favour of Inland Revenue information sharing

- In comparison, respondents who were not in favour of Inland Revenue sharing information about individual businesses with other government departments most frequently stated this was because of “the special position or relationship that Inland Revenue had with businesses which ensured privacy and confidentiality” (54 percent).

I have certain obligations under IR and I don't have them to other government departments - it is confidential what I give IRD and that should be treated as such.

Survey respondent not in favour of Inland Revenue information sharing

Breaches principles of privacy. Many government departments demonstrably incapable of keeping information securely and maintaining privacy. Other government departments should be capable of doing their own work and maintaining only the information necessary for this.

Survey respondent not in favour of Inland Revenue information sharing

- Some respondents also stated that they were concerned about the “security issues that might arise (because government departments did not have a good track record in this regard)” (12 percent), while others were concerned about the “possible misuse of information” (six percent). Some respondents were also concerned that information should not be shared “without prior consent and that to do so, was unacceptable” (12 percent).

I've worked in the UK on projects where agencies with specific powers have come together to work jointly, but ultimately they were sharing their powers in a way that was not foreseen or intended when the individual powers were delegated. Whilst I supported what they were doing, I also think in this day and age it's really important to protect an individual's rights. I think the Privacy Act goes too far (i.e. I have a brother in a wheelchair who has needed help and the Privacy Act has simply got in the way of my parents helping him).

Survey respondent not in favour of Inland Revenue information sharing

These results do not differ by size of business or trust and confidence in Inland Revenue. Note that in terms of the latter, the respondents who answered this question were those who were in favour of Inland Revenue sharing information, regardless of their trust and confidence in Inland Revenue.

Types of government departments Inland Revenue could share information with

Respondents who were in favour of Inland Revenue sharing information about individual businesses with other government departments were asked to identify the types of government departments they would be ‘most comfortable’ Inland Revenue doing this with. For the purposes of this question, government departments were categorised into four generic groups:

- Those responsible for benefits (e.g. ACC and WINZ).
- Those responsible for criminal investigations (e.g. the Police and the Serious Fraud Office).
- Those responsible for goods, services and people coming in and out of the country (e.g. Customs and Immigration).
- Those responsible for regulating businesses (e.g. the Companies Office, the Department of Labour/Ministry of Business, Innovation and Employment)

The response to this question was gathered on a prompted basis (i.e. the generic groups were read to respondents). With this in mind, of government departments they believe Inland Revenue currently shares information about individual businesses. In other words, while there is a natural tendency for respondents to be comfortable with Inland Revenue sharing with government departments responsible for benefits (because they immediately think of the benefit of minimising fraud), they are not adverse to Inland Revenue sharing with other types of government departments for other reasons.

Table 10 (overleaf) shows these respondents were most comfortable with Inland Revenue sharing information about individual businesses with government departments responsible for benefits (89 percent), for criminal investigations (83 percent) and for goods, services and people coming in and out of the country (80 percent). To a somewhat lesser extent, they were also comfortable with Inland revenue sharing information with government departments responsible for regulating businesses (72 percent).

These results do not differ by size of business or by trust and confidence in Inland Revenue. Note that in terms of the latter, the respondents who answered this question were those who were in favour of Inland Revenue sharing information, regardless of their trust and confidence in Inland Revenue.

Note that these prompted results differ from the earlier results relating to respondents' awareness of the types of government departments they believe Inland Revenue currently shares information about individual businesses. In other words, while there is a natural tendency for respondents to be comfortable with Inland Revenue sharing with government departments responsible for benefits (because they immediately think of the benefit of minimising fraud), they are not adverse to Inland Revenue sharing with other types of government departments for other reasons.

Table 10: Opinion about the types of government departments that Inland Revenue should share information about individual businesses

Q18. Which of the following types of government departments are you most comfortable with Inland Revenue sharing information about individual businesses?

	Total	Nil/low trust and confidence (0-3)	Neutral trust and confidence (4-6)	Moderate/high trust and confidence (7-10)
Unweighted base =	415*	21**	119	268
	%	%	%	%
Those responsible for benefits, such as ACC and WINZ	89	92	85	92
Those responsible for criminal investigations, such as the Police and the Serious Fraud Office	83	77	83	84
Those responsible for goods, services and people coming in and out of the country, such as Customs and Immigration	80	61	78	82
Those responsible for regulating businesses, such as the Companies Office and the Department of Labour, now known as the Ministry of Business, Innovation and Employment	72	48	66	76
Or any others	5	16	8	2
None of the above	0	0	1	0
Don't know	4	7	2	4

Total may exceed 100% because of multiple response.

*Sub-sample based on those respondents who are not against Inland Revenue sharing information about individual businesses with other government departments.

**Caution – Low base number of respondents – results are indicative only.

Types of information Inland Revenue could share with government departments

Respondents who were in favour of Inland Revenue sharing information about individual businesses with other government departments were also asked to identify what types of information they would be 'most comfortable' with Inland Revenue sharing with these government departments. For the purposes of this question, the types of information were categorised into two generic groups:

- Information relating to the business itself. That is:
 - Name and contact details.
 - Income or turnover.
 - Tax paid/owed.
- Information relating to the directors of the business. That is:
 - Name and contact details of directors.
 - Their tax and financial details.
 - The tax and financial details of other companies they are involved with.
 - The tax and financial information of individuals they are related to.
- The response to this question was also gathered on a prompted basis (i.e. the generic groups were read to respondents). With this in mind,
- Table 11 (overleaf) shows that these respondents were most comfortable with Inland Revenue sharing the "name and contact details of businesses" (86 percent), including the "names and contact details of directors" (73 percent), but significantly fewer mentioned they would be comfortable sharing more specific information including:
 - "Business turnover" (56 percent) and the "tax paid and owed by a business" (57 percent).
 - "Tax and financial information relating to the directors of the business" (47 percent) and the "tax and financial information of other companies those directors were involved in" (46 percent).
 - "Tax and financial information relating to individuals that the directors of the business are related to" (33 percent).

Note that the respondents who answered this question were those who were in favour of Inland Revenue sharing information, regardless of their trust and confidence in Inland Revenue. There are some significant differences in this regard, with respondents with low trust and confidence significantly less likely to state they were comfortable with Inland Revenue sharing information relating to the "tax paid and owed by a business", the "tax and financial information relating to the directors of the business", the "tax and financial information of other companies the directors of the business were involved in" and the "tax and financial information relating to individuals that the directors are related to".

These results do not differ by size of business, with the exception of small businesses up to five employees more frequently stating that they were comfortable with Inland Revenue sharing the "tax and financial information of other companies the directors of the business were involved in" (54 percent) and the "tax and financial information relating to individuals that the directors are related to" (41 percent).

Note that these prompted results differ from the earlier results relating to respondents' beliefs about the types of information Inland Revenue currently shares with other government departments; particularly in relation to the extent to which:

- Inland Revenue shares information about directors of the businesses. There was hardly any awareness that this might currently be the case, although after prompting, some respondents stated they would be comfortable with this.
- Inland Revenue shares information about the employees of the businesses. There was some awareness that this might currently be the case, although after prompting, much fewer respondents stated they would be comfortable with this. This result might be a function of the fact that employee information was not read out to respondents as an information type that might be shared, although respondents were given the option of specifying this if they wanted to.

Response to hypothetical information sharing scenarios

To help understand respondents' opinions about Inland Revenue sharing information about individual businesses with other government agencies, five hypothetical information-sharing scenarios were developed by Inland Revenue and presented to all respondents for rating, regardless of whether or not they were in favour of Inland Revenue sharing information about individual businesses with other government departments. The scenarios were presented to respondents on a random basis, in order to avoid order bias.

These scenarios represented a range of different situations as follows:

- "Inland Revenue has identified a company that is taking on debt it cannot pay. Inland Revenue wishes to advise the Registrar of Companies so that the directors of the company can be disqualified."
- "Inland Revenue has identified a taxpayer who is earning income from Department of Conservation land, but he has not declared this income. Inland Revenue wishes to advise Conservation about this."
- "A new immigrant has told the department of Immigration that they have made a large investment in New Zealand. However, they have not reported this investment to Inland Revenue. Inland Revenue wishes to advise Immigration about this."
- "Inland Revenue has identified a company which is paying staff below the minimum wage. It wishes to advise the Department of Labour about this."
- "Inland Revenue has identified that directors of a company are making false statements in a registered prospectus about the company's financial position. It wishes to advise the Financial Markets Authority about this."

Table 11: Opinion about the types of information Inland Revenue should share information with other government departments

Q19. Which of the following types of information about individual businesses would you be most comfortable with Inland Revenue sharing with other government departments?

	Total	Nil/low trust and confidence (0-3)	Neutral trust and confidence (4-6)	Moderate/high trust and confidence (7-10)
Unweighted base =	415*	21**	119	268
	%	%	%	%
Name and contact details of businesses	86	71	88	87
Business income or turnover	56	46	53	60
Tax paid and owed by the business	57	33	54	61
Name and contact details of company directors	73	78	68	77
Tax and financial information about company directors	47	37	41	51
Tax and financial information about other companies that directors are involved with	46	30	43	50
Tax and financial information about individuals that company directors are related to	33	21	28	37
Business income or turnover (including profitability and business classification)	0	0	1	0
About employees (numbers of, IRD numbers, immigration status and other general information)	0	0	0	0
Tax paid and owed by the business	1	7	1	0
Wages & salary paid by business to employees & related information (tax codes, benefit deductions, etc.)	1	0	0	2
Income of individuals (wages & salary, benefits)	1	0	0	1

	Total	Nil/low trust and confidence (0-3)	Neutral trust and confidence (4-6)	Moderate/high trust and confidence (7-10)
Unweighted base =	415*	21**	119	268
	%	%	%	%
Everything	1	0	0	1
Criminal convictions	1	7	1	1
Or any other type of information	4	7	3	3
None of the above	2	0	5	1
Don't know	5	7	3	5

Total may exceed 100% because of multiple response.

*Sub-sample based on those respondents who are not against Inland Revenue sharing information about individual businesses with other government departments.

**Caution – Low base number of respondents – results are indicative only.

Table 12 (overleaf) shows the extent to which respondents were in favour or not in favour of each scenario and presents the results for all respondents, as well as for those with low trust and confidence or those with moderate to high trust and confidence in Inland Revenue. The key findings are as follows:

- Over one-half of all respondents were in favour of all the information sharing scenarios, although the degree to which they were in favour differed between scenarios.
- Four of the five scenarios were preferred by 75 percent or more of all respondents; namely, “a new immigrant not reporting a large investment” (82 percent), “staff being paid below the minimum wage” (82 percent), “directors of a company making false statements” (82 percent), and “a tax payer not declaring income from the use of DOC land” (75 percent).
- The scenario all respondents were less likely to be in favour of was the scenario about “a company that is taking on debt it cannot pay” (63 percent). The reason for this being less likely to be acceptable was identified during the pre-testing of the survey questionnaire as being the possibility that the information on which this was based might be historical and therefore out-of-date. Thus, the company would be being penalised.

This table shows that, respondents with moderate to high trust and confidence in Inland Revenue were significantly more in favour of all five scenarios compared with those who had low trust and confidence in the Department. The most significant differences are in relation to the following scenarios:

- “A company that is taking on debt it cannot pay”. Sixty-eight percent of respondents with moderate to high trust and confidence considered this scenario to be acceptable compared with 45 percent of those with low trust and confidence.
- “A tax payer not declaring income from the use of DOC land”. Eighty-one percent of respondents with moderate to high trust and confidence considered this scenario to be acceptable compared with 60 percent of those with low trust and confidence.

Respondents who were in favour of Inland Revenue sharing information about individual businesses with other government departments were also significantly more likely than those who were not in favour to state they were in favour of all the scenarios. For example, 74 percent of these respondents who were in favour of Inland Revenue sharing information about individual businesses with other government departments were in favour of the scenario involving “a company that is taking on debt it cannot pay”, compared with 42 percent of respondents not in favour.

The results do not differ by size of business, with the exception of medium to large businesses of six or more employees more frequently than other businesses stating that, they were in favour of the scenarios relating to “staff being paid below the minimum wage” (89 percent) and “directors of a company making false statements” (85 percent).

Preferences for overseeing or managing Inland Revenue’s information sharing

Respondents were also asked to identify who they preferred to oversee or manage Inland Revenue’s information-sharing practices. As Table 13 (page 35) shows, opinion varied, and although about one-quarter of respondents suggested Inland Revenue self-regulate (27 percent), there was no consensus of opinion as far as

the majority of remaining respondents were concerned, with 29 percent suggesting the Privacy Commissioner, nine percent the Minister for Inland Revenue, seven percent the Ombudsmen and six percent the Courts.

The results differ by the extent to which respondents had trust and confidence in Inland Revenue. Generally, those with low trust and confidence in Inland Revenue were significantly more likely to suggest Inland Revenue's information sharing practices be managed by a third party.

Respondents who were in favour of Inland Revenue sharing information about individual businesses with other government departments, also had different opinions about who should manage Inland Revenue's information sharing practices compared with those who were not in favour of Inland Revenue information sharing. Specifically, those respondents who were in favour were significantly more likely to suggest self-regulation, whereas those not in favour were more likely to suggest Inland Revenue's information sharing practices be managed by a third party.

The results also differ by size of business, with small businesses up to five employees and those medium-large businesses of six employees or more significantly more likely than businesses operated by Self-employed people to suggest self-regulation.

Table 12: Extent to which in favour or not in favour of information-sharing scenarios (other government departments)

	Total	Nil/low trust and confidence (0-3)	Neutral trust and confidence (4-6)	Moderate/high trust and confidence (7-10)
Unweighted base =	510*	35	175	291
	%	%	%	%
<i>Inland Revenue has identified a company that is taking on debt it cannot pay. Inland Revenue wishes to advise the Registrar of Companies so that the directors of that company can be disqualified</i>				
In favour	63	45	58	68
Not in favour	27	45	31	22
Don't know	10	10	10	10
Refused	0	0	0	0
Total	100	100	100	100
<i>Inland Revenue has identified a taxpayer who is earning income from Department of Conservation land, but he has not declared this income. Inland Revenue wishes to advise Conservation about this</i>				
In favour	75	60	70	81
Not in favour	16	34	20	13
Don't know	9	6	10	7
Refused	0	0	0	0
Total	100	100	100	100
<i>A new immigrant has told the Department of Immigration that they have made a large investment in New Zealand. However, they have not reported this investment to Inland Revenue. Inland Revenue wishes to advise Immigration about this</i>				
In favour	82	70	78	86
Not in favour	10	21	12	7
Don't know	8	9	10	7
Refused	0	0	0	0
Total	100	100	100	100
<i>Inland Revenue has identified a company which is paying staff below the minimum wage. It wishes to advise the Department of Labour about this</i>				
In favour	82	63	77	88
Not in favour	13	26	17	9
Don't know	5	12	6	4
Refused	0	0	0	0
Total	100	100	100	100

	Total	Nil/low trust and confidence (0-3)	Neutral trust and confidence (4-6)	Moderate/high trust and confidence (7-10)
Unweighted base =	510*	35	175	291
	%	%	%	%
<i>Inland Revenue has identified that directors of a company are making false statements in a registered prospectus about the company's financial position. It wishes to advise the Financial Markets Authority about this</i>				
In favour	82	68	76	87
Not in favour	11	24	16	6
Don't know	7	8	6	7
Refused	0	0	1	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

*Unspecifieds removed.

Table 13: Preferred party to oversee or manage Inland Revenue's information-sharing practices

Q21. Which one of the following do you believe should be responsible for controlling or managing how Inland Revenue shares information with other government departments?

	Total	Nil/low trust and confidence (0-3)	Neutral trust and confidence (4-6)	Moderate/high trust and confidence (7-10)
Unweighted base =	401*	30	142	220
	%	%	%	%
The Commissioner of Inland Revenue	27	24	19	32
The Minister responsible for Inland Revenue	9	4	9	10
The Privacy Commissioner	29	16	35	28
The Ombudsmen	7	11	8	6
The Courts	6	19	9	3
Or someone else	4	6	6	2
None of the above	2	4	3	1
Don't know	15	17	11	17
Refused	0	0	0	0
Total	100	100	100	100

Total may exceed 100% because of multiple response.

*Sub-sample based on those respondents who are in favour of Inland Revenue sharing information about individual businesses with other government departments. Note the lower base number due to the deletion of this question during data collection in order to reduce the overall interview length.

Benefits and risks associated with Inland Revenue sharing information

More benefits than risks?

Having established whether respondents were 'in favour or not in favour of Inland Revenue sharing information about individual businesses with other government departments', and their preferences in terms of the government departments it could reasonably do this with and the type of information it could share, they were asked whether there were more benefits than more risks in Inland Revenue doing this.

Table 14 (overleaf) shows the extent to which all respondents believed there were more benefits than risks in Inland Revenue sharing information, as well as for those who were in favour and not in favour of Inland

Revenue sharing information about individual businesses with other government departments. The key findings are as follows:

- Overall, a little over one-half of all respondents stated there were more benefits (55 percent) than more risks (19 percent) in Inland Revenue sharing information. A further 17 percent of respondents responded by saying “it depended”, while eight percent “did not know”.
- As expected, respondents who were in favour of Inland Revenue sharing information about individual businesses with other government departments considered there to be more benefits compared with those who were not in favour (76 percent and 18 percent respectively).
- In comparison, one-half of respondents not in favour of Inland Revenue sharing information about individual businesses with other government departments stated there were more risks (52 percent and five percent respectively). They were also more likely to say that “it depended”.

These results do not differ by size of business, although there are differences in terms of the extent to which respondents had trust and confidence in Inland Revenue. Those with moderate to high trust and confidence were significantly more likely to state there were more benefits than there were risks in Inland Revenue sharing information (67 percent compared with 41 percent of those respondents with low trust and confidence in Inland Revenue).

Table 14: Opinion about whether there are more benefits than risks with Inland Revenue sharing information about individual businesses with other government departments

Q22. Assuming Inland Revenue was to share information about individual businesses with other government departments, do you believe - in general - that there are more benefits than there are risks in Inland Revenue doing this?

	Total	Not in favour	In favour
Unweighted base =	573	158	369
	%	%	%
More benefits	55	18	76
More risks	19	52	5
Depends	17	22	13
Don't know	8	8	6
Refused	1	0	0
Total	100	100	100

Total may not sum to 100% due to rounding.

The main benefits are perceived to be ...

All respondents were also asked to identify the main benefits in Inland Revenue sharing information about individual businesses with other government departments. This was initially asked in an open-ended fashion in order to identify how respondents described the benefits.

The responses to this open-ended question have been thematically coded to allow for the analysis of the results.

Table 15 (overleaf) presents the results of this analysis showing the extent to which each of the major themes was mentioned.

Table 15: Opinion about the main benefits of Inland Revenue sharing information about individual businesses with other government departments (unprompted)

Q23/24. What do you see as being the main benefits of this? TOTAL MENTIONED UNPROMPTED

	Total	Those who see more benefits than risks	Those who see more risks than benefits	Depends
Unweighted base =	573	328	99	96
	%	%	%	%
To assist with criminal investigations	4	5	3	0
To assist with cases of benefit fraud	24	30	16	19
To assist with investigations of businesses to ensure they are working within the law	5	8	0	0
To help businesses compete and operate fairly	2	3	0	1
To reduce the cost of compliance	1	2	0	0
To identify businesses that are eligible for government funding	0	0	0	0
Ensure (via more efficient monitoring, etc.) people/businesses meet their legal obligations (pay fines, pay taxes, pay student loans, pay Child Support, child maintenance, etc.), thereby optimise tax take	8	11	4	7
Minimise income/GST, etc. tax avoidance	2	3	0	3
Minimise criminal activity (via better policing and monitoring; better criminal detection and surveillance)	15	18	14	15
Create fairer tax system (people paying what they genuinely owe, level playing field, greater honesty)	8	12	2	4
Better/more compliance by businesses (greater transparency; greater honesty and accountability, businesses operating within the law; will result in a more honest business community)	8	13	2	1
Broad social benefits (for the good of the country, results in better business activity/growth, better country to invest in, more honest culture/society/ethics generally)	2	4	2	0
Improved efficiency of public service (less duplication and double-handling, less costs, better inter-departmental cooperation, better decision-making, better services to New Zealand businesses, more efficient services)	9	11	2	8
Improved accuracy/consistency of information about businesses across agencies	0	1	0	0
Improved protection to shareholders/investors/creditors (by identifying unscrupulous directors)	7	9	5	7
A more positive image/reputation for IR	1	0	0	1
Other	12	11	18	10
No others	7	0	25	9
Don't know	18	8	20	29
Refused	0	0	1	0

Total may exceed 100% because of multiple response.

This table shows that, these respondents most frequently identified the benefits as being to “assist with cases of benefit fraud” (24 percent) and helping to “minimise criminal activity” (15 percent).

Other, more general benefits mentioned, albeit less frequently, included:

- “Improved efficiency of the public service” (nine percent).
- “Ensuring, via more efficient monitoring, that people and businesses met their legal obligations” (eight percent).
- “The creation of a fairer tax system” (eight percent).
- “Better, more compliance by businesses” (eight percent).
- “Improved protection to shareholders, investors and creditors” (seven percent).

Note that there was less specific mention of benefits such as “assisting with investigations of businesses to ensure they were working within the law” and “assisting with criminal investigations”, although these are likely to be implicit in the other benefits that were mentioned.

There are no differences by trust and confidence in Inland Revenue or size of business, although as expected, there are by those respondents who considered there were more benefits compared with those who believed there were more risks. For example, 30 percent of respondents who considered there were more benefits identified “assisting with cases of benefit fraud” as a benefit compared with 16 percent of those who believed there were more risks.

Following the open-ended question about benefits, all respondents were read a list of possible benefits and asked to comment on whether they thought each benefit (also) applied.

As Table 16 shows, the large majority of respondents agreed that “assisting with criminal investigations” (83 percent) and “assisting with cases of benefit fraud” (83 percent) would be benefits of Inland Revenue sharing information about individual businesses with other government departments.

Table 16: Opinion about the main benefits of Inland Revenue sharing information about individual businesses with other government departments (total, including prompted)

Q23/24/25. What do you see as being the main benefits of this? TOTAL MENTIONED AFTER PROMPTING

	Total	Those who see more benefits than risks	Those who see more risks than benefits	Depends
Unweighted base =	573	328	99	96
	%	%	%	%
To assist with criminal investigations	83	94	64	77
To assist with cases of benefit fraud	83	97	55	77
To assist with investigations of businesses to ensure they are working within the law	71	90	32	54
To reduce the cost of compliance	63	78	24	57
Improved efficiency of public service (less duplication and double-handling, less costs, better inter-departmental cooperation, better decision-making, better services to New Zealand businesses, more efficient services)	59	76	30	46
To identify businesses that are eligible for government funding	56	70	27	39
To help businesses compete and operate fairly	54	74	13	41

Total may exceed 100% because of multiple response.

However, fewer respondents agreed that the following would be benefits:

- “To help businesses compete and operate fairly” (54 percent).
- “To identify businesses that are eligible for government funding” (56 percent).
- “To help businesses interact with government departments more efficiently” (59 percent).
- “To reduce the cost of compliance” (63 percent).
- “To assist with investigations of businesses to ensure they are working within the law” (71 percent).

As expected, respondents who considered there were more benefits than more risks in Inland Revenue sharing information were significantly more likely than those who considered there were more risks to state that the benefits were, in fact, benefits. Table 16 shows that the biggest differences in opinion were in relation to the following benefits:

- “To help businesses compete and operate fairly” (74 percent of respondents who believed there were more benefits than more risks in Inland Revenue sharing information compared with 13 percent of those who thought there were more risks than benefits).
- “To reduce the cost of compliance” (78 percent and 24 percent respectively).
- “To assist with investigations of businesses to ensure they are working within the law” (90 percent and 32 percent respectively).
- “To help businesses interact with government departments more efficiently” (76 percent and 30 percent respectively).
- “To identify businesses that are eligible for government funding” (70 percent and 27 percent respectively).

In comparison, there was less difference of opinion in terms of the benefits being, “to assist with criminal investigations” and “to assist with cases of benefit fraud”.

However, an important point to note is that a not insignificant percentage of those respondents who considered there were more risks than benefits in Inland Revenue sharing information also considered all the benefits to be actual benefits.

Given the relationship between respondents who considered there were more benefits than more risks in Inland Revenue sharing information and those who were in favour of Inland Revenue sharing information, their more positive results are also reflected in the results for the latter group.

There are some differences by trust and confidence in Inland Revenue, with respondents who had no trust and confidence in Inland Revenue significantly less likely to state the following were actual benefits; “to help businesses compete and operate fairly”, “to reduce the cost of compliance”, “to assist with investigations of businesses to ensure they are working within the law”, “to help businesses interact with government departments more efficiently” and “to identify businesses that are eligible for government funding”.

There are also some differences by size of business, with medium-large businesses of six or more employees significantly more likely to identify the benefits compared with other businesses.

The main risks are perceived to be ...

All respondents were also asked to identify the main risks in Inland Revenue sharing information about individual businesses with other government departments. As for the benefits, this was also initially asked in an open-ended fashion in order to identify how respondents described the risks.

The responses to this open-ended question have also been thematically coded to allow for the analysis of the results.

Table 17 (overleaf) presents the results of this analysis showing the extent to which each of the major themes was mentioned.

This table shows that, most frequently, these respondents considered the main risk to be that “privacy will be compromised due, in part, to the fact that government departments have a poor record of managing privacy” (42 percent).

To a lesser, but not insignificant extent, respondents also frequently stated that there was a risk that “too much information/knowledge would lead to an abuse of power” (17 percent) and a risk that there would be “unintended consequences resulting from the sharing of inaccurate information or the poor interpretation of information” (10 percent).

Note that few respondents specifically identified a “loss of trust in Inland Revenue” (one percent) and a “loss of faith in the integrity of the tax system” (one percent) as risks.

While there were significant differences in opinions about the main benefits between respondents who considered there were more benefits than more risks in Inland Revenue sharing information and those who considered there were more risks than benefits, there are fewer differences of opinion in relation to the main risks.

In fact, the only significant difference was that respondents who considered there were more risks than benefits in Inland Revenue sharing information were significantly more likely than those who considered there were more benefits than more risks to identify the fact that “privacy might be compromised” as a risk (54 percent compared with 41 percent).

However, an important point to note is that a not insignificant percentage of those respondents who considered there were more benefits than risks in Inland Revenue sharing information also considered this to be a risk.

Table 17: Opinion about the main risks of Inland Revenue sharing information about individual businesses with other government departments (unprompted)

Q26. What do you see as the main risks?

	Total	Those who see more benefits than risks	Those who see more risks than benefits	Depends
Unweighted base =	573	328	99	96
	%	%	%	%
Privacy will be compromised (government departments have a poor record of managing privacy, leading to the unauthorised use of private information, release to unauthorised individuals, etc.)	42	41	54	37
Too much information/knowledge leads to an abuse of power (e.g. government departments enforcing decisions on businesses because of the information they have been provided; untrained staff making wrong judgments, etc.)	17	19	16	15
Big Brother (too much government/bureaucracy); too much interference in the private sector	5	6	3	8
Unintended consequences resulting from the sharing of inaccurate information/poor interpretation of information (difficult to correct, time-consuming to correct; costly to correct; incorrect penalties; possible loss of reputation)	10	10	8	15
Could result in too much bureaucracy (building something we can't afford as a nation)	1	1	0	0
Could result in businesses falsifying information (to hide the real state) because they know it will be shared	1	1	0	3
Could result in businesses being less likely to provide/file information	0	0	1	0
General comment about more people having access to shared information resulting in greater risks, poorer information sharing management systems (mistakes happening as a result of computer/human error)	2	1	3	2
General comment about losing trust in IR (lack of public confidence)	1	1	2	3

	Total	Those who see more benefits than risks	Those who see more risks than benefits	Depends
Unweighted base =	573	328	99	96
	%	%	%	%
General comment about a loss of faith in the integrity of the tax system	1	1	1	0
I don't see too many risks really	1	2	0	0
Other	6	4	12	3
There are no risks	8	9	0	7
Don't know	19	17	14	24

Total may exceed 100% because of multiple response.

Given the relationship between respondents who considered there were more risks than benefits in Inland Revenue sharing information and those who were not in favour of Inland Revenue sharing information, their results are also reflected in the results for the latter group.

Although there are no differences by trust and confidence in Inland Revenue, there are a few differences by size of business. Medium-large businesses of six or more employees were significantly more likely than other businesses to identify "unintended consequences resulting from the sharing of inaccurate information or the poor interpretation of information" (17 percent) as a risk.

Following the open-ended question about risks, all respondents were read a list of possible risks and asked to agree or disagree that each was (also) possible.

As more tax evasion" (19 percent).

Table 18 shows, the results largely reflect the earlier results presented for the open-ended question. In particular, respondents agreed that, if Inland Revenue shared information about individual businesses with other government departments, there was the risk that this would "lead to privacy breaches and data leaks" (69 percent). Over one-half also thought that information sharing might also "lead to businesses withholding information" (53 percent).

In comparison, fewer respondents agreed that the following would be risks:

- "(Information sharing) would result in a loss of confidence in Inland Revenue" (39 percent).
- "(Information sharing) would result in more tax evasion" (19 percent).

Table 18: Extent of agreement or disagreement that risks apply to Inland Revenue's information-sharing practices

	Total	Those who see more benefits than risks	Those who see more risks than benefits	Depends
Unweighted base =	573	328	99	96
	%	%	%	%
<i>... this would lead to privacy breaches</i>				
Agree	69	57	94	80
Disagree	15	24	3	3
Don't know	16	19	2	16
Refused	0	0	1	0
Total	100	100	100	100
<i>... this would lead businesses to withhold information</i>				
Agree	53	47	65	56
Disagree	30	39	22	18
Don't know	17	15	11	26
Refused	0	0	1	0
Total	100	100	100	100

	Total	Those who see more benefits than risks	Those who see more risks than benefits	Depends
Unweighted base =	573	328	99	96
	%	%	%	%
<i>... this would lead to a loss of confidence in Inland Revenue</i>				
Agree	39	22	75	46
Disagree	44	67	14	18
Don't know	17	12	9	37
Refused	0	0	1	0
Total	100	100	100	100
<i>... this would result in more tax evasion</i>				
Agree	19	12	35	21
Disagree	63	80	41	46
Don't know	18	8	23	33
Refused	0	1	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

As expected, respondents who considered there were more risks than benefits in Inland Revenue sharing information with other government departments were significantly more likely than those who considered there were more benefits than risks to agree with the four possible risks.

The biggest differences were in relation to the following risks:

- “(Information sharing) would result in a loss of confidence in Inland Revenue” (75 percent of respondents who considered there were more risks than benefits in Inland Revenue sharing information compared with 22 percent of respondents who considered there were more benefits).
- “(Information sharing) would result in more tax evasion” (35 percent and 12 percent respectively).

Those not in favour of Inland Revenue sharing information with over government departments were also more likely than those in favour to agree with the four possible risks. In fact, note that well over-one half agreed that all the risks were possibilities, with the most extreme being their belief that information sharing would “lead to privacy breaches and data leaks” (92 percent).

There are also some differences by trust and confidence in Inland Revenue, with respondents who had moderate to high trust and confidence in Inland Revenue significantly less likely to state the following were risks; “(information sharing) would lead to businesses withholding information”, “(information sharing) would lead to privacy breaches and data leaks” and “(information sharing) would result in a loss of confidence in Inland Revenue”.

While there are few differences by size of business, note that medium-large businesses of six or more employees were significantly more likely than other businesses to identify the fact that information sharing would “lead to businesses withholding information” (60 percent) as a risk.

Opinions about Inland Revenue sharing information with private-sector companies

Support for Inland Revenue sharing information with private-sector companies

Having established the extent to which respondents were in favour or not in favour of Inland Revenue sharing information about individual businesses with other government agencies, they were asked a similar question in relation to sharing information about individual businesses ‘with companies in the private, non-government sector’.

Overall, 24 percent of all respondents were in favour of Inland Revenue sharing information with private-sector companies, whereas 73 percent were not in favour. Another three percent “did not know” (Table 19). Note, also, that those who were not in favour, were significantly more likely to be “not at all in favour” (45 percent) than “not in favour” (28 percent).

Table 19: Extent to which in favour or not in favour of Inland Revenue sharing information about individual businesses with private-sector companies

Q28. Now thinking about if Inland Revenue was to share information about individual businesses with companies in the private, non-government sector. In principle, are you in favour or not in favour of Inland Revenue doing this? Would you say you are...

	Total	Nil/low trust and confidence (0-3)	Neutral trust and confidence (4-6)	<u>Moderate/high</u> trust and confidence (7-10)
Unweighted base =	573	38	186	340
	%	%	%	%
Not at all in favour	45	45	49	43
Not in favour	28	31	28	28
Somewhat in favour	21	12	20	23
Very in favour	3	7	0	4
Don't know	3	5	4	2
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

These results do not differ by size of business or trust and confidence in Inland Revenue.

These results differ significantly from the earlier results presented indicating the percentages of respondents who were in favour or not in favour of Inland Revenue sharing information about individual businesses with other government departments. To reiterate, 62 percent of all respondents were in favour of Inland Revenue sharing information with other government departments, whereas 29 percent were not in favour.

Table 20 (overleaf) shows there is a weak correlation between those respondents who were in favour of Inland Revenue sharing information about individual businesses with private-sector companies and respondents who were in favour of Inland Revenue doing this with other government departments.

For example, 29 percent of respondents who were in favour of Inland Revenue sharing information with other government departments were also in favour of them sharing information with private-sector companies, whereas this was the case for 14 percent of those who were not in favour of Inland Revenue sharing information with other government departments.

However, the large majority of respondents who were in favour of Inland Revenue sharing information with other government departments were significantly not in favour of Inland Revenue sharing information with private-sector companies (70 percent).

Table 20: Extent to which in favour or not in favour of Inland Revenue sharing information about individual businesses with private-sector companies (by extent to which in favour or not in favour of information-sharing with other government departments)

Q28. Now thinking about if Inland Revenue was to share information about individual businesses with companies in the private, non-government sector. In principle, are you in favour or not in favour of Inland Revenue doing this? Would you say you are...

Q16. In principle, are you in favour or not in favour of Inland Revenue sharing information about individual businesses with other government departments? Would you say you are...

	Total	Not in favour	In favour	Don't know
Unweighted base =	573	158	369	46
	%	%	%	%
Not at all in favour	45	59	40	37
Not in favour	28	26	30	22
Somewhat in favour	21	14	25	12
Very in favour	3	0	4	3
Don't know	3	0	1	26
Refused	0	1	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Response to hypothetical information sharing scenarios

To help understand respondents' opinions about Inland Revenue sharing information about individual businesses with private-sector companies, four hypothetical information sharing scenarios were developed by Inland Revenue and presented to all respondents for rating, regardless of whether or not they were in favour of Inland Revenue sharing information about individual businesses with private-sector companies. The scenarios were presented to respondents on a random basis, in order to avoid order bias.

These scenarios represented a range of different situations as follows:

- "Inland Revenue has identified a bankrupted taxpayer as not having declared some income to the Official Assignee⁴. It wishes to advise the Official Assignee about this."
- "Inland Revenue has identified a company moving money to a related company before being liquated. It wishes to advise the liquidator about this."
- "Inland Revenue has identified a member of the New Zealand Institute of Chartered Accountants as having made false statements. It wishes to share this information with the New Zealand Institute of Chartered Accountants."
- "Inland Revenue wishes to share the fact that a taxpayer owes outstanding tax debt to Inland Revenue with companies that determine credit ratings."

Table 21 (overleaf) shows the extent to which respondents were in favour or not in favour of each scenario and presents the results for all respondents, as well as for those who were in favour and not in favour of Inland Revenue sharing information about individual businesses with private-sector companies. The key findings are as follows:

- Despite the fact that most respondents had earlier stated they were not in favour of Inland Revenue sharing information about individual businesses with private-sector companies, when a context was placed around this, opinion changed.
- Significantly more than one-half of all respondents indicated they were in favour of three of the four scenarios; namely, "a company moving money to a related company before being liquated" (75 percent), "a member of the New Zealand Institute of Chartered Accountants as having made false statements" (72

⁴ During the planning stage, Inland Revenue inadvertently developed this scenario for the 'private sector' section of the interview. Some respondents may have interpreted the reference to the Official Assignee as being a reference to a private organisation.

percent), and “a bankrupted taxpayer as not having declared some income to the Official Assignee” (71 percent).

- In comparison, a much lower percentage of respondents were in favour of Inland Revenue sharing information with private-sector companies in relation to a situation where “a taxpayer owes outstanding tax debt to Inland Revenue with companies that determine credit ratings” (49 percent).

As one would expect, respondents who were in favour of Inland Revenue sharing information about individual businesses with private-sector companies were significantly more likely than those who were not, to be in favour of each scenario.

Table 21 shows that the biggest difference in opinion was in relation to the scenario, “A taxpayer owes outstanding tax debt to Inland Revenue with companies that determine credit ratings” (80 percent of respondents who were in favour of Inland Revenue sharing information with private-sector companies in favour compared with 40 percent of those who were not in favour).

In comparison, although there were differences, there was less difference of opinion in terms of the following scenarios:

- “A company moving money to a related company before being liquidated” (91 percent of respondents who were in favour of Inland Revenue sharing information with private-sector companies in favour compared with 71 percent of those who were not in favour).
- “A member of the New Zealand Institute of Chartered Accountants as having made false statements” (88 percent and 67 percent respectively).
- “A bankrupted taxpayer as not having declared some income to the Official Assignee” (90 percent and 67 percent respectively).

Table 21: Extent to which in favour or not in favour of information-sharing scenarios (private-sector companies)

	Total	Not in favour	In favour
Unweighted base =	573	423	133
	%	%	%
<i>Inland Revenue has identified a bankrupted taxpayer as not having declared some income to the Official Assignee. It wishes to advise the Official Assignee about this</i>			
In favour	71	67	90
Not in favour	14	18	4
Don't know	14	14	6
Refused	0	0	0
Total	100	100	100
<i>Inland Revenue has identified a company moving money to a related company before being liquidated. It wishes to advise the liquidator about this</i>			
In favour	75	71	91
Not in favour	15	19	4
Don't know	11	10	6
Refused	0	0	0
Total	100	100	100
<i>Inland Revenue has identified a member of the New Zealand Institute of Chartered Accountants as having made false statements. It wishes to share this information with the New Zealand Institute of Chartered Accountants</i>			
In favour	72	67	88
Not in favour	18	24	4
Don't know	10	9	8
Refused	0	0	0
Total	100	100	100

	Total	Not in favour	In favour
Unweighted base =	573	423	133
	%	%	%
<i>Inland Revenue wishes to share the fact that a taxpayer owes outstanding tax debt to Inland Revenue with companies that determine credit ratings</i>			
In favour	49	40	80
Not in favour	38	47	14
Don't know	13	13	6
Refused	0	0	0
Total	100	100	100

Total may not sum to 100% due to rounding.

Table 22 also shows that respondents with moderate to high trust and confidence in Inland Revenue were significantly more likely than those with low trust and confidence to be in favour of all of the scenarios. For example, respondents with trust and confidence in Inland Revenue were significantly more comfortable with the scenario relating to “a company moving money to a related company before being liquidated” compared with those who were not (78 percent and 48 percent respectively).

There are also some differences by business size, with medium to large businesses of six employees or more, significantly more likely to be in favour of all of the scenarios than those businesses operated by Self-employed people. This was particularly the case in terms of two of the scenarios; namely, “a bankrupted taxpayer as not having declared some income to the Official Assignee” and “a member of the New Zealand Institute of Chartered Accountants as having made false statements”

Table 22: Extent to which in favour or not in favour of information-sharing scenarios (private-sector companies)

	Total	Nil/low trust and confidence (0-3)	Neutral trust and confidence (4-6)	<u>Moderate/high</u> trust and confidence (7-10)
Unweighted base =	573	35	174	314
	%	%	%	%
<i>Inland Revenue has identified a bankrupted taxpayer as not having declared some income to the Official Assignee. It wishes to advise the Official Assignee about this</i>				
In favour	71	56	68	75
Not in favour	14	30	16	12
Don't know	14	14	16	13
Refused	0	0	0	0
Total	100	100	100	100
<i>Inland Revenue has identified a company moving money to a related company before being liquidated. It wishes to advise the liquidator about this</i>				
In favour	75	48	73	78
Not in favour	15	37	15	12
Don't know	11	15	12	9
Refused	0	0	0	0
Total	100	100	100	100

	Total	Nil/low trust and confidence (0-3)	Neutral trust and confidence (4-6)	<u>Moderate/high</u> trust and confidence (7-10)
Unweighted base =	573	35	174	314
	%	%	%	%
<i>Inland Revenue has identified a member of the New Zealand Institute of Chartered Accountants as having made false statements. It wishes to share this information with the New Zealand Institute of Chartered Accountants</i>				
In favour	72	59	74	73
Not in favour	18	35	18	17
Don't know	10	5	9	10
Refused	0	0	0	0
Total	100	100	100	100
<i>Inland Revenue wishes to share the fact that a taxpayer owes outstanding tax debt to Inland Revenue with companies that determine credit ratings</i>				
In favour	49	29	45	54
Not in favour	38	66	39	34
Don't know	13	5	17	12
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

More benefits than risks?

Having established whether respondents were in favour or not in favour of Inland Revenue sharing information about individual businesses with private-sector companies, and the situations in which they were prepared for this to happen, all respondents were asked whether they were of the opinion that there were more benefits than risks in Inland Revenue doing this.

Table 23 shows that less than one-quarter of respondents believed there were more benefits than risks in Inland Revenue sharing information with private-sector companies (24 percent). Significantly more respondents considered there to be more risks than benefits (44 percent), while another 18 percent stated “it depended” and 13 percent “did not know”.

As expected, respondents who were in favour of Inland Revenue sharing information about individual businesses with private-sector companies considered there to be more benefits compared with those who were not in favour (55 percent and 15 percent respectively). However, 17 percent of these respondents considered there were more risks.

In comparison to these respondents, one-half of respondents not in favour of Inland Revenue sharing information about individual businesses with private-sector companies stated there were more risks (54 percent and 17 percent respectively). However, 15 percent of these respondents considered there were more benefits.

There are no differences by business size, although respondents with moderate to high trust and confidence in Inland Revenue were significantly more likely than those with low trust and confidence to believe there were more benefits than risks.

Table 23: Opinion about whether there are more benefits than risks with Inland Revenue sharing information about individual businesses with private-sector companies

Q30. If Inland Revenue was to share information about individual businesses with companies in the private, non-government sector, do you believe - in general - that there are more benefits than there are risks in Inland Revenue doing this?

	Total	Not in favour	In favour
Unweighted base =	573	423	133
	%	%	%
More benefits	24	15	55
More risks	44	54	17
Depends	18	20	15
Don't know	13	10	13
Refused	1	1	0
Total	100	100	100

Total may not sum to 100% due to rounding.

Appendix A. Hypothetical information sharing Scenarios - Summary of key informants' reaction

Table 24: Summary of key informants' reaction to Scenario A

Scenario A	Positive themes	Neutral/negative themes
<p>A crime taskforce requests taxpayer info from IR</p> <p>To investigate and stop an international money laundering ring, a taskforce is formed. The New Zealand government agencies represented include the Organised and Financial Crime Agency New Zealand (OFCANZ) NZ Police, the Serious Fraud Office, Customs, MBIE, and IR. The taskforce requests all member agencies to share information they separately hold on the taxpayers and individuals being investigated.</p> <p>The taskforce is investigating a New Zealand taxpayer that sets up and sells companies to others in New Zealand and Australia.</p> <p>IR follows the agreed protocols and provides the taskforce lead with the information it has about the companies and individuals involved. This includes the identity and address data, and the tax and financial details of all the individuals involved in the companies under investigation.</p> <p>The taskforce passes this information to Australian Police who are targeting individuals linked to the ring in Australia.</p>	<ul style="list-style-type: none"> • Completely justifiable because of the <u>criminal</u> nature of the situation. • Agencies involved <u>justifiable</u>, although many query MBIE involvement. • Extent of investigation <u>justifiable</u> (i.e. across multiple business entities and individuals, and jurisdictions). • There is an expectation that these jurisdictions would ethically and legally be comparable to NZ, information sharing would be 2-way, and policies and practices governing information sharing would be at a comparable NZ standard. • Beneficial for IR's 'image' as IR is seen to be helping reduce serious crime. 	<ul style="list-style-type: none"> • Provision of information for the purpose of a criminal investigation is <u>outside of Inland Revenue's mandate</u>. IR's image may be damaged as a result of this. • Would require a law change. • Increased information sharing with the Police creates a <u>conflict of interest</u> as IR currently encourages people to declare income, regardless of how that income is obtained. • If information sharing with the Police were to increase, money obtained illegally may be less likely to be declared, resulting in a decreased tax take.

Table 25: Summary of key informants’ reaction to Scenario B

Scenario B	Positive themes	Neutral/negative themes
<p><i>IR shares information about the suitability of a company director with the Companies Office</i></p> <p>IR is aware that certain directors have been engaging in aggressive tax avoidance activities through a number of phoenixing companies.</p> <p>These companies have been liquidated with significant tax debts, without the liquidators appropriately reporting to the Companies Office. The directors have then been able to resume their activities through newly incorporated companies.</p> <p>IR would like to pass on the names and contact details of these offending directors so that the Companies Office can take action in banning them from becoming company directors.</p>	<ul style="list-style-type: none"> • Justifiable if the directors have been convicted of tax evasion because everyone should pay their fair share of tax. • Beneficial for IR’s ‘image’ as they are seen to be helping create a cleaner, more credible business environment. 	<ul style="list-style-type: none"> • IR currently has the powers to prosecute directors who engage in tax evasion. • Fine line between aggressive tax avoidance and tax evasion. It is not IR’s role to decide where that line is drawn. • The use of the word ‘avoidance’ suggests that IR is passing on information which is based on judgement/opinion. • Detrimental to IR’s ‘image’ as they are seen to be passing on potentially subjective information.

Table 26: Summary of key informants’ reaction to Scenario C

Scenario C	Positive themes	Neutral/negative themes
<p>Information-sharing to benefit the customer and the government</p> <p>The Ministry of Business, Innovation and Employment (MBIE) asks Inland Revenue to search its database to identify new businesses with research and development (R&D) expenditure.</p> <p>Inland Revenue finds 2000 businesses and shares their contact details, income details, and amount of R&D expenditure with MBIE.</p> <p>Using this information, and other information it holds, MBIE contacts a smaller group of businesses to offer a discussion on Government grants for which they may qualify.</p>	<ul style="list-style-type: none"> • Justifiable because businesses will benefit from being identified as eligible for R&D funding. • Beneficial for IR’s ‘image’ as IR is seen as helping the business community. 	<ul style="list-style-type: none"> • Detrimental to IR’s image as they are seen as providing information for reasons outside of IR’s mandate. • If people are unsure of how the information they provide will be used, they may be less likely to provide it. • There are other ways of obtaining this information without Inland Revenue’s involvement. • Information about R&D funding is readily available and accessible for companies, providing they use their own initiative to find it. • An example of information sharing on a ‘nice to know’ rather than ‘need to know’ basis. • Confidentiality issues. Potential for information to be leaked/misused.

Table 27: Summary of key informants’ reaction to Scenario D

Scenario D	Positive themes	Neutral/negative themes
<p><i>IR shares taxpayer info with credit reporting agencies for the purposes of profiling</i></p> <p>As part of its administration of the tax system, IR has developed a way to score the risk of tax evasion of each taxpayer (individuals and businesses).</p> <p>IR shares the scores for each taxpayer with all the credit reporting agencies and debt collectors operating in New Zealand.</p> <p>The companies combine this information with their own information to develop a profile of the riskiest businesses and to aid their debt collection activities.</p>	<ul style="list-style-type: none"> • Credit reporting agencies need as much information as possible to make informed decisions. • This in turn could help businesses that lend money or have hire purchase arrangements. 	<ul style="list-style-type: none"> • Sharing of public sector information with the private sector for the <u>private sector’s financial gain</u>. • Difficult to <u>retract</u> or <u>regulate the use of</u> public sector information once it is provided to the private sector. • Provision of potentially damaging information which is <u>subjective</u>. • Lack of trust in credit reporting agencies. • Outside of IR’s mandate. • Detrimental to IR’s ‘image’ as IR is seen as providing information which was provided for tax purposes, to private sector companies for their financial gain. • If people believe their information is going to be provided to credit reporting agencies, they may be less likely to provide it. • Privacy issues.

Appendix B. Qualitative interviews with key informants – Interview Guide

Research objectives:

The overall purpose and objective of this research is to provide an understanding of the expectations of privately-owned New Zealand businesses and business leaders on whether, and to what extent, IR should share information with other agencies, whilst maintaining the 'integrity of the tax system'.

This discussion guide:

This discussion guide will be used to focus and direct discussions with key informants. The information obtained from these discussions will provide IR with an in-depth understanding of the expectations of New Zealand businesses and business leaders with regard to the appropriateness of IR information sharing with other agencies and the potential impact they feel this could have on the integrity of the tax system.

More specifically, it will provide answers to the following questions:

1. Are businesses and business leaders in agreement with the concept of information sharing amongst government agencies?
 - a. How do businesses and business leaders feel about IR sharing information?
2. Without compromising the integrity of the tax system - what type of information could IR reasonably share?
 - a. With which particular agencies?
 - b. And in which particular situations/circumstances?
3. What risks or unintended consequences do New Zealand businesses and business leaders believe might potentially arise from IR sharing information with other agencies?
 - a. And how might these manifest themselves in practical terms and customer behaviour (e.g. non-compliant tax behaviour).
4. What controls and limitations, if any, do businesses and business leaders expect to be placed on IR with regard to information sharing with other agencies?
5. Is there an expectation that businesses and business leaders will be kept informed or involved with IR's development of information sharing policies and practices?

Introduction – Research New Zealand (5 mins)

Objective: To ensure the respondent is fully informed and understands how the interview will be conducted.

- Researcher(s) to introduce themselves and explain Research New Zealand's role in the research (i.e. conducting research on behalf of Inland Revenue).
- Explain the purpose of the research:
- To understand the expectations of privately-owned New Zealand businesses and business leaders on whether, and to what extent, IR should share information with other agencies, whilst still maintaining the integrity of the tax system.
- Explain that the Code of Practice of the MRSNZ requires their consent to:
- Record the interview.
- Provide them with a transcript of the interview for their review and input.
- Provision of the final transcript to Inland Revenue.
- Respondents will be asked if they wish for their transcript to be identifiable to IR or for it to remain anonymous.
- Explain how the discussion /interview will be run:
- The length of the discussion is approx. 45 to 60 minutes.
- There are no right or wrong answers; everyone's opinions count.

Introductions (10 mins)

Objective: To set the scene.

Ask Respondent to introduce themselves:

- First and surname.
- Position title/role and what that entails.

Ask Respondent to introduce their organisation:

- The questions asked will differ depending on the nature of the organisation.

Stage One: General opinions about IR sharing information with other agencies (10-15 mins)

Objective: To understand how businesses and business leaders feel about IR sharing information with other agencies.

Introductory statement read to Respondents: One of the government's objectives is to enable the general public and businesses to access and interact with public services more efficiently and effectively. A number of proposals and initiatives are underway, some of which rely on information sharing between agencies, including IR.

Encourage discussion on the following:

- Are they aware of any proposals and initiatives the government has to improve the provision of public services to businesses and the general public?
 - Which proposals and initiatives are they aware of?
 - Do they have any general opinions about any of these?
 - Do they have any specific opinions about IR sharing information about their business with other government agencies?
- To what extent are they aware that IR currently shares information with other agencies?
 - Which agencies does IR currently share information with?
 - In which situations/circumstances?
- What depth of information do they believe IR holds about their business, related businesses and business principals themselves? And is all or part of this information currently available for sharing with other agencies?

Stage Two: Specific aspects of Inland Revenue information sharing (15-20 mins)

Objective: To gain an understanding of the types of information IR could reasonably share, with which particular agencies, and in which situations or circumstances.

Encourage discussion on the following:

- Determine opinion about the nature/type of information that IR could reasonably share (without compromising the integrity of the tax system).
 - Determine opinion about the provision of information about related businesses, and business principals themselves, as well as the business in question.
- Determine the range of agencies IR could reasonably share that information with.
- Determine, on an unprompted basis, the types of situations/circumstances that might be appropriate for IR to share information with other agencies.

A statement will be read to respondents as they are given a set of cards (on a rotating basis) with the scenarios printed on them⁵: I am now going to show you some cards; each of which has a hypothetical situation which involves IR sharing information with other agencies. These scenarios reflect a range of different situations. This is the first scenario, etc.

- Discuss each of the scenarios in a random order in each interview to eliminate the possibility of generating a skewed response due to the order the scenarios are presented.
- Determine which of the situations they feel it would be appropriate for IR to share information and which they feel it would not be appropriate. Discuss the reasons why.

⁵ If the interview is conducted by telephone, the scenarios will be emailed to the respondent prior to the interview.

Stage Three: Nature of the risks or unintended consequences that might arise from IR information sharing (5-10 mins)

Objective: Understand the risks or unintended consequences that New Zealand businesses and business leaders believe could potentially arise from IR sharing information with other agencies.

Encourage discussion on the following:

- Any further opinions about the nature of the risks or unintended consequences that might arise as a result of IR information sharing on the integrity of the tax system.
- Are any of the situations discussed more open to risks or unintended consequences than others? What are these specific risks and consequences?
 - Are there any particular groups/people more open to risk or unintended consequences?

Stage Four: Regulatory controls and limitations on Inland Revenue with regard to information sharing (5-10 mins)

Objective: What controls and limitations, if any, do businesses and business leaders expect to be placed on IR with regard to information sharing with other agencies?

Encourage discussion on the following:

- Establish what controls and limitations, if any, they expect to be placed on IR with regard to information sharing.
- What communication and advice, if any, do they expect to receive when their information is shared with other agencies?
 - For example, in scenario G, do they think the 2000 businesses should be advised that IR has provided this information to MBIE?

Stage Five: Contact with businesses and business leaders during the development of IR's information sharing policies and practices (5-10 mins)

Objective: What expectations do businesses and business leaders have with regard to being kept informed or involved with IR's development of information sharing policies and practices?

Statement read to Respondents: IR proposes to have its new information sharing policies and practices in place within a few years.

Encourage discussion on the following:

- What, if any, communications and information do they expect to receive with regard to the development of IR's information sharing policies and practices?
- If they do expect communications, do they expect to receive this from IR or some other source?
- Is there an expectation that they are directly involved in the development process?

Wrap up (5 mins)

Conclusion

Are there any other comments?

Next steps:

- Reiteration of informed consent, etc.

Thanks and close.

Appendix C. Survey of Business Owners and Managers –Questionnaire

Good morning/afternoon/evening, my name is AI from Research New Zealand. Recently Inland Revenue sent your organisation a letter about some research we are conducting on their behalf. Can I please speak to [name]/[the owner or manager of this organisation]?

If necessary: This survey is being done to gather the opinions of owners and managers of businesses on Inland Revenue sharing information about individual businesses with other agencies.

Would you be interested in taking part? This survey takes about 15 minutes.

If no, Make appointment: Is there another time that would suit?

If person not available, ask:

When would be a good time for me to call back to speak to him/her?

Reintroduce as necessary

Good morning/afternoon/evening, my name is AI from Research New Zealand. Recently Inland Revenue sent your organisation a letter about some research we are conducting on their behalf. This survey is being done to gather the opinions of owners and managers of businesses on Inland Revenue sharing information about individual businesses with other agencies. Would you be interested in taking part? This survey takes about 15 minutes.

Background information only if needed:

- This is genuine market research. I'm not selling anything.
- The survey does not involve asking questions of a confidential, financial nature.
- Information provided is confidential. We report summary results about groups; we do not identify which individuals have said what.

Read

This interview will be recorded for quality control and training purposes.

Qualifying questions

Q1 Can I begin by confirming that you are the owner or manager of a business? Code many. Probe for clear answer.

- | | | |
|---|-----------------------------------|------------|
| 1 | Yes, owner (including part-owner) |] Go to Q3 |
| 2 | Yes, manager |] Go to Q3 |
| 3 | No |] Go to Q2 |

Q2 Thank you very much for your time, but I need to interview the owner or manager of your organisation. Can I please speak to this person?

- | | | |
|----|-------------------|-------------------------------|
| 1 | Yes |] Reintroduce and start at Q1 |
| 2 | No, not available |] <i>Make appointment</i> |
| 99 | Refused |] <i>Terminate</i> |

Termination Statement: Thank you very much for your time.

Demographics

Q3 What is the main activity of your business?

- | | |
|----|------------------|
| 1 | Comments Specify |
| 99 | Refused |

Q4 Does your business operate from more than one site?

- | | |
|----|---------|
| 1 | Yes |
| 2 | No |
| 99 | Refused |

Q5 Including yourself, how many permanent staff work in your business at this site?

Note to interviewer: Help self-employed people understand that for the purpose of this survey they are a business.

- | | |
|----|---------------|
| 1 | 1 |
| 2 | 2 – 5 |
| 3 | 6 – 9 |
| 4 | 10 – 19 |
| 5 | 20 – 49 |
| 6 | 50 – 99 |
| 7 | 100 or more |
| 96 | Other Specify |
| 98 | Don't know |

Trust & confidence

Q6 Now moving onto the topic of this survey. First of all, on a scale of 0 to 10 where 0=No trust and confidence and 10=Full trust and confidence, how much trust and confidence would you say you have in Inland Revenue?

- 0 No trust and confidence at all
- 1
- 2
- 3
- 4
- 5 Neutral
- 6
- 7
- 8
- 9
- 10 Full trust and confidence
- 98 Don't know
- 99 Refused

Current awareness

Q7 And to the best of your knowledge, does Inland Revenue currently share information about individual businesses with other government departments? Probe for clear answer.

- 1 Yes, definitely
- 2 Yes, probably
- 3 No] Go to Q16
- 98 Don't know] Go to Q16
- 99 Refused] Go to Q16

Q8 And which government departments does it do this with? Code first mentioned.

Q9 Any others? Others mentioned. Probe to no.

- 1 ACC
- 2 Social Welfare/WINZ

- 3 Financial Markets Authority
- 4 Serious Fraud Office
- 5 Companies Office
- 6 The Police

- 7 Customs
- 8 Immigration

- 9 Business, Innovation & Employment, Ministry of (MBIE)
- 10 Economic Development, Ministry of (MED)
- 11 Labour, Department of (DoL)
- 12 Statistics NZ
- 13 Any/all government departments

- 96 Other Specify
- 98 Don't know ;E
- 99 Refused ;E

Q10 For what particular reasons does Inland Revenue share information about individual businesses with [if Q8 or Q9 not equal to 98 or 99 [these] government departments? Code first mentioned.

Q11 Any others? Others mentioned. Probe to no.

- 1 To assist with criminal investigations
- 2 To assist with cases of benefit fraud
- 3 To assist with regulatory investigations

- 4 To improve the efficiency with which government departments operate
- 5 To reduce the cost of compliance (for businesses interacting with government departments)
- 6 To help businesses
- 7 To ensure businesses have access to the government funding they are entitled to

- 8 Inland Revenue is the best source of tax and financial information about businesses

- 96 Other Specify
- 98 Don't know ;E
- 99 Refused ;E

Q12 Thinking about these reasons, what specific type of information about businesses does Inland Revenue share? Code first mentioned.

Q13 Any others? Others mentioned. Probe to no.

- 1 Business name and contact details
- 2 Type, age and size of business
- 3 Business income or turnover, and expenses claimed
- 4 Employees details
- 5 Suppliers and clients
- 6 Names and contact details of company directors

- 7 Taxes paid and owed by the business
- 8 Tax and financial information about the directors of businesses
- 9 Tax and financial information about other companies that directors of businesses are involved with
- 10 Tax and financial information about individuals that directors of businesses are related to

- 96 Other Specify
- 98 Don't know ;E
- 99 Refused ;E

Q14 Who controls or manages how Inland Revenue currently shares information about individual businesses with other government departments? Code many. Probe for a clear answer.

- 1 The Commissioner of Inland Revenue
- 2 Inland Revenue itself (general response)
- 3 The Minister responsible for Inland Revenue
- 4 The Privacy Commissioner
- 5 The Ombudsmen
- 6 The Courts
- 7 Other regulatory body
- 8 The originating agency (i.e. the department that requested the information from IR)
- 96 Other *Specify*
- 98 Don't know ;E
- 99 Refused ;E

Q15 Overall, how informed would you say you are about how, and to what extent, Inland Revenue currently shares information about individual businesses with other government departments? Would you say you are ... Read.

- 1 Not at all informed
- 2 Somewhat informed
- 3 Informed
- 4 Very informed
- 98 Don't know **Do not read**
- 99 Refused **Do not read**

IR information sharing - Opinions about the parameters of

Q16 In principle, are you in favour or not in favour of Inland Revenue sharing information about individual businesses with other government departments? Would you say you are ... Read. Probe for a clear answer.

Note to interviewer: If the respondent says that “it depends”, tell him/her to give an ‘in principle’ answer using the scale and tell them they will have the opportunity to explain why they say “it depends” in the next question.

- 1 Not at all in favour
- 2 Not in favour
- 3 Somewhat in favour
- 4 Very in favour
- 98 Don't know **Do not read**
- 99 Refused **Do not read**

Q17 For what particular reasons are you [insert Q16 answer] not at all in favour/not in favour/somewhat in favour/very in favour? Probe to clear answer.

- 1 Comments *Specify*
- 98 Don't know

Q18 If Q16=1 or 2 (not in favour) go to Q20, else ask: Which of the following types of government departments are you most comfortable with Inland Revenue sharing information about individual businesses? Code many. Read.

- 1 Those responsible for benefits, such as ACC and WINZ
- 2 Those responsible for criminal investigations, such as the Police and the Serious Fraud Office
- 3 Those responsible for goods, services and people coming in and out of the country, such as Customs and Immigration
- 4 Those responsible for regulating businesses, such as the Companies Office and the Department of Labour, now known as the Ministry of Business, Innovation and Employment

- 96 Or any others *Specify*
- 97 None of the above ;E ****Do not read****
- 98 Don't know ;E ****Do not read****
- 99 Refused ;E ****Do not read****

Q19 Which of the following types of information about individual businesses would you be most comfortable with Inland Revenue sharing with other government departments? Code many. Read.

- 1 Name and contact details of businesses
- 2 Business income or turnover
- 3 Tax paid and owed by the business

- 4 Name and contact details of company directors
- 5 Tax and financial information about company directors
- 6 Tax and financial information about other companies that directors are involved with
- 7 Tax and financial information about individuals that company directors are related to

- 96 Or any other type of information *Specify*
- 97 None of the above ****Do not read****
- 98 Don't know ;E ****Do not read****
- 99 Refused ;E ****Do not read****

Q20 I am now going to read out a number of hypothetical situations in which Inland Revenue might share information about individual businesses with other government departments. As I read each one out, can you tell me if you're in favour or not in favour of Inland Revenue doing this? Read. RND

	In favour	Not in favour	Don't know	Refused
a) Inland Revenue has identified a company that is taking on debt it cannot pay. Inland Revenue wishes to advise the Registrar of Companies so that the directors of that company can be disqualified.	1	2	98	99
b) Inland Revenue has identified a taxpayer who is earning income from Department of Conservation land, but he has not declared this income. Inland Revenue wishes to advise Conservation about this.	1	2	98	99
c) A new immigrant has told the Department of Immigration that they have made a large investment in New Zealand. However, they have not reported this investment to Inland Revenue. Inland Revenue wishes to advise Immigration about this.	1	2	98	99
d) Inland Revenue has identified a company which is paying staff below the minimum wage. It wishes to advise the Department of Labour about this.	1	2	98	99
e) Inland Revenue has identified that directors of a company are making false statements in a registered prospectus about the company's financial position. It wishes to advise the Financial Markets Authority about this.	1	2	98	99

Q21 Which one of the following do you believe should be responsible for controlling or managing how Inland Revenue shares information with other government departments? Read.

- 1 The Commissioner of Inland Revenue
- 3 The Minister responsible for Inland Revenue
- 4 The Privacy Commissioner
- 5 The Ombudsmen
- 6 The Courts
- 96 Or someone else *Specify*
- 97 None of the above ****Do not read****
- 98 Don't know ****Do not read****
- 99 Refused ****Do not read****

The benefits and risks of IR sharing information

Q22 Assuming Inland Revenue was to share information about individual businesses with other government departments, do you believe - in general – that there are more benefits than there are risks in Inland Revenue doing this?

Note to interviewer: If the respondent says “it depends”, tell him/her that they will have the opportunity to explain why they say “it depends” in the next question.

- 1 More benefits
- 2 More risks
- 3 Depends
- 98 Don't know
- 99 Refused

Q23 Those who answer ‘more benefits’ in Q22 will be asked about the benefits before the risks: What do you see as being the main benefits of this? Code first mentioned.

Q24 Any others? Others mentioned. Probe to no.

- 1 To assist with criminal investigations
- 2 To assist with cases of benefit fraud
- 3 To assist with investigations of businesses to ensure they are working within the law

- 4 To help businesses interact with government departments more efficiently
- 5 To help businesses compete and operate fairly
- 6 To reduce the cost of compliance (if necessary: for businesses interacting with government departments)
- 7 To identify businesses that are eligible for government funding

- 96 Other *Specify*
- 97 There are no benefits
- 98 Don't know

Q25 And what about ... ? Read those not coded in Q23 and Q24. Code many.

If necessary: Assuming Inland Revenue was to share information about individual businesses with other government departments, which of the following do you see as the benefits of this?

- 1 To assist with criminal investigations
- 2 To assist with cases of benefit fraud
- 3 To assist with investigations of businesses to ensure they are working within the law

- 4 To help businesses interact with government departments more efficiently
- 5 To help businesses compete and operate fairly
- 6 To reduce the cost of compliance (if necessary: for businesses interacting with government departments)
- 7 To identify businesses that are eligible for government funding

- 97 None of the above ****Do not read****
- 98 Don't know ****Do not read****

Q26 Those who answer 'more risks' in Q22 will be asked about the risks before the benefits: What do you see as the main risks? Probe to clear answer.

If necessary: What do you see as the main risks of Inland Revenue sharing information about individual businesses with other government departments?

- 1 Comments *Specify*
- 97 There are no risks
- 98 Don't know

Q27 I'd like to read you some statements that others have made about the benefits and risks. As I read out each one, can you please tell me if you agree or disagree? Read each statement. RND.

If Inland Revenue was to share information about individual businesses with other government departments, ...

	Agree	Disagree	Don't know	Refused
a) This would lead businesses to withhold information	1	2	98	99
b) This would result in more tax evasion	1	2	98	99
c) This would lead to privacy breaches and data leaks	1	2	98	99
d) This would result in a loss of confidence in IR	1	2	98	99

IR information sharing – Opinions about sharing with the private sector

Q28 Thanks for that. Now thinking about if Inland Revenue was to share information about individual businesses with companies in the private, non-government sector. In principle, are you in favour or not in favour of Inland Revenue doing this? Would you say you are ...
Read. Probe to clear answer.

- 1 Not at all in favour
- 2 Not in favour
- 3 Somewhat in favour
- 4 Very in favour
- 98 Don't know **Do not read**
- 99 Refused **Do not read**

Q29 The following hypothetical situations involve Inland Revenue sharing information about individual businesses' with companies in the private, non-government sector. As I read each one out, can you tell me if you're in favour or not in favour of Inland Revenue doing this? Read. Random.

If necessary: An Official Assignee is the person appointed to manage the handover of property and money of a bankrupted individual or company.

	In favour	Not in favour	Don't know	Refused
a) Inland Revenue has identified a bankrupted taxpayer as not having declared some income to the Official Assignee. It wishes to advise the Official Assignee about this.	1	2	98	99
b) Inland Revenue has identified a company moving money to a related company before being liquidated. It wishes to advise the liquidator about this.	1	2	98	99
c) Inland Revenue has identified a member of the New Zealand Institute of Chartered Accountants as having made false statements. It wishes to share this information with the New Zealand Institute of Chartered Accountants.	1	2	98	99
d) Inland Revenue wishes to share the fact that a taxpayer owes outstanding tax debt to Inland Revenue with companies that determine credit ratings.	1	2	98	99

Q30 Thanks for that. If Inland Revenue was to share information about individual businesses with companies in the private, non-government sector, do you believe - in general – that there are more benefits than there are risks in Inland Revenue doing this?

- 1 More benefits
- 2 More risks
- 3 Depends
- 98 Don't know
- 99 Refused

Closing Questions

Q31 These are all the questions I have. Do you have any other comments you'd like to make about the subject of this interview?

- 1 Comments *Specify*
- 2 No

Q32 May I please confirm your name in case my supervisor needs to check on the quality of this interview? *Record first and last name*

Thank you very much for your help. My name is **QOIV** from Research New Zealand. If you have enquiries about this survey, please ring the Project Manager, Olivia Jones, on our toll-free number: 0800 500 168 (Wellington respondents 499-3088).

Q33 Code respondent's sex – *Do not read as question*****

- 1 Male
- 2 Female

Appendix D. Survey of Business Owners and Managers – Pre-notification letter

<Date>

<Name>

<Address 1>

<Address 2>

<Address 3>

Dear Sir/Madam,

Share your views on how Inland Revenue sharing information with other agencies might impact the integrity of the tax system

One of the government's objectives is to enable the general public and businesses to access and interact with public services more efficiently and effectively. To achieve this goal, greater information-sharing is needed. Inland Revenue has commissioned Research New Zealand, an independent research company, to talk to owners and managers of businesses about Inland Revenue information-sharing and the impact this might have on the integrity of the tax system.

The research involves Inland Revenue providing Research New Zealand with contact information from our database (e.g. name and phone number), from which Research New Zealand will take a random sample to recruit people for the research. If your details are randomly selected from the database, a representative from Research New Zealand will contact you during the period of 18 April to 9 May to conduct the 15 minute telephone interview.

If you prefer, the survey can also be completed online. To do so, please type the following address: <http://surveys.researchnz.com/IR/infosharing> into the white address bar at the very top of your Internet screen or go to Research New Zealand's website (www.researchnz.com), click 'current online surveys' and 'IR business information sharing'.

Then use the username and password as listed below:

USERNAME:

PASSWORD:

If you have any questions regarding the research, or if you do not wish to participate, please call Olivia Jones at Research New Zealand on 0800 500 168 or by email [email address]. Alternatively, if you would like to contact someone at Inland Revenue about this research, please contact [IR staff name] by email [email address].

Inland Revenue values customer input and feedback. I would like to thank you in advance for your time.

Yours sincerely,

Elisabeth Poppelwell

Elisabeth Poppelwell

Acting Manager, Research & Evaluation

Appendix E. Tabulations by Business Size

Table 28: Respondent profile

	Total	Self-employed	Small business up to 5	Medium to large business, 6+
Unweighted base =	573	125	209	232
	%	%	%	%
<u>Gender:</u>				
Male	63	70	60	58
Female	37	30	40	42
Total	100	100	100	100
<u>Ownership status:</u>				
Owner	89	96	91	69
Manager	32	25	32	48
Total	**	**	**	**
<u>Business activity:</u>				
Property and business services	22	29	20	14
Agriculture, forestry and fishing	20	20	22	7
Retail trade	12	8	14	17
Construction	8	6	9	8
Professional, scientific and technical services	7	7	7	7
Accommodation, Cafes, Restaurants	6	2	7	12
Wholesale trade	3	2	2	5
Transport, postal and warehousing	3	2	4	5
Health care and social assistance	3	3	2	6
Manufacturing	2	1	2	8
Education and training	2	2	2	3
Electricity, gas, water and waste services	1	2	0	1
Information media and telecommunications	1	2	0	2
Financial and insurance services	1	2	0	1
Administrative and support services	1	0	1	0
Arts and recreation services	1	2	1	0
Other	3	6	1	2
Total	100	100	100	100
<u>Number of business sites:</u>				
One only	71	76	72	59
More than one	28	24	26	41
Total	100	100	100	100

Continued...

Table 28: Respondent profile (continued)

	Total	Self-employed	Small business up to 5	Medium to large business, 6+
Unweighted base =	573	125	209	232
	%	%	%	%
<u>Number of employees:</u>				
One	29	90	0	0
2-5	53	0	98	0
6-9	5	0	0	37
10-19	5	0	0	36
20-49	2	0	0	17
50-99	1	0	0	4
100 or more	1	0	0	5
Don't know	6	10	2	1
Total	100	100	100	100
<u>Trust and confidence in Inland Revenue:</u>				
0 ("No trust and confidence at all")	1	2	1	2
1	1	2	0	0
2	2	2	2	0
3	4	4	3	4
4	4	5	4	4
5	20	20	19	19
6	9	6	10	11
7	16	16	16	18
8	21	21	22	19
9	11	9	12	12
10 ("Full trust and confidence")	11	14	10	9
Don't know	1	2	0	2
Total	100	100	100	100

Total may not sum to 100% due to rounding.

**Total may exceed 100% because of multiple response.

Table 29: Awareness of whether Inland Revenue currently shares information about individual businesses with other government departments

Q7. And to the best of your knowledge, does Inland Revenue currently share information about individual businesses with other government departments?

	Total	Self-employed	Small business up to 5	Medium to large business, 6+
Unweighted base =	573	125	209	232
	%	%	%	%
Yes, definitely	14	13	13	22
Yes, probably	31	34	31	26
No	19	21	18	17
Don't know	36	32	38	34
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Table 30: Types of government departments with which Inland Revenue currently shares information about individual businesses

Q8/9. And which government departments does it do this with? TOTAL MENTIONED

	Total	Self-employed	Small business up to 5	Medium to large business, 6+
Unweighted base =	266*	59	92	112
	%	%	%	%
Those responsible for benefits	65	69	64	66
Those responsible for criminal investigations	12	7	13	18
Those responsible for regulation of businesses	16	15	16	17
Those responsible for goods, services, people coming in & out of the country	13	19	9	14
All government agencies	4	7	2	1
Other	10	14	8	12
Don't know	6	0	5	11

Total may exceed 100% because of multiple response.

*Sub-sample based on those respondents who believe Inland Revenue currently shares information about individual businesses with other government departments.

Table 31: Reasons why Inland Revenue currently shares information about individual businesses with other government departments

Q10/11. For what particular reasons does Inland Revenue share information about individual businesses with these government departments? TOTAL MENTIONED

	Total	Self-employed	Small business up to 5	Medium to large business, 6+
Unweighted base =	198*	47	65	85
	%	%	%	%
To assist with benefit fraud	33	43	29	20
To minimise tax avoidance	19	21	18	16
To ensure people/businesses meet their legal obligations	22	21	22	23
To minimise criminal activity/assist with criminal investigations	6	9	5	6
To assist with regulatory investigations	1	2	0	0
To help business (e.g. access government funding)	0	0	0	0
To reduce the cost of compliance	0	0	0	0
For economic planning, budgeting	8	15	3	8
To improve public sector functioning/efficiency	0	0	0	0
Other	9	9	6	18
Don't know	4	0	10	0

Total may exceed 100% because of multiple response.

*Sub-sample based on those respondents who believe Inland Revenue currently shares information about individual businesses with other government departments. Note the lower base number due to the deletion of this question during data collection in order to reduce the overall interview length.

Table 32: Types of information about individual businesses that Inland Revenue currently shares with other government departments

Q12/13. Thinking about these reasons, what specific type of information about businesses does Inland Revenue share? TOTAL MENTIONED

	Total	Self-employed	Small business up to 5	Medium to large business, 6+
Unweighted base =	198*	47	65	85
	%	%	%	%
Business name and contact details	4	2	6	3
Type, age and size of business	1	0	2	3
Business income or turnover, and expenses claimed	28	32	26	28
Taxes paid and owed by the business	4	4	3	7
Names and contact details of company directors	2	0	5	1
Tax and financial information about the directors of the business	4	4	3	7
Tax and financial information about other companies that directors of businesses are involved with	1	2	0	1
Tax and financial information about individuals that directors of businesses are related to	0	0	0	1
About employees (numbers of, IRD numbers, immigration status and other general information)	14	13	11	31
Wages and salary paid by businesses to employees & related information (tax codes, benefit deductions, etc.)	6	4	6	12
Suppliers and clients	1	2	0	0
Other	10	9	11	12
Don't know	11	11	10	10

Total may exceed 100% because of multiple response.

*Sub-sample based on those respondents who believe Inland Revenue currently shares information about individual businesses with other government departments.

Note the lower base number due to the deletion of this question during data collection in order to reduce the overall interview length.

Table 33: Who oversees or manages Inland Revenue’s current information-sharing practices

Q14. Who controls or manages how Inland Revenue currently shares information about individual businesses with other government departments?

	Total	Self-employed	Small business up to 5	Medium to large business, 6+
Unweighted base =	198*	47	65	85
	%	%	%	%
The Commissioner of Inland Revenue	3	2	5	3
Inland Revenue/Self-regulated (general comment)	7	8	7	7
The Minister responsible for Inland Revenue/Minister of Finance	4	2	5	6
The Ombudsmen	0	0	0	0
The Courts	0	0	0	0
The Commissioner and CEs of government departments	1	0	2	0
Other IR manager (Senior IR staff)	2	2	2	2
The Government (Government legislation)	11	6	14	14
State Service Commission	1	0	0	0
The Privacy Commissioner	0	0	0	0
Internal Affairs	1	2	0	0
Prime Minister	0	0	1	0
No one	0	0	0	1
Other	2	0	3	0
Don't know	71	74	69	70

Total may exceed 100% because of multiple response.

*Sub-sample based on those respondents who believe Inland Revenue currently shares information about individual businesses with other government departments. Note the lower base number due to the deletion of this question during data collection in order to reduce the overall interview length.

Table 34: Degree to which feel knowledgeable/informed about Inland Revenue’s current information-sharing practices

Q15. Overall, how informed would you say you are about how, and to what extent, Inland Revenue currently shares information about individual businesses with other government departments? Would you say you are...

	Total	Self-employed	Small business up to 5	Medium to large business, 6+
Unweighted base =	266*	59	92	112
	%	%	%	%
Not at all informed	55	49	59	52
Somewhat informed	35	37	33	39
Informed	5	7	4	4
Very informed	1	2	1	2
Don't know	4	5	3	3
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who believe Inland Revenue currently shares information about individual businesses with other government departments.

Table 35: Extent to which in favour or not in favour of Inland Revenue sharing information about individual businesses with other government departments

Q16. In principle, are you in favour or not in favour of Inland Revenue sharing information about individual businesses with other government departments? Would you say you are...

	Total	Self-employed	Small business up to 5	Medium to large business, 6+
Unweighted base =	573	125	209	232
	%	%	%	%
Not at all in favour	13	13	14	9
Not in favour	16	16	16	16
Somewhat in favour	44	38	44	53
Very in favour	18	23	16	17
Don't know	9	10	10	5
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Table 36: Reasons for being in favour or not in favour of Inland Revenue sharing information about individual businesses with other government departments (by whether in favour/not in favour)

Q17. For what particular reasons are you [in favour/not in favour]?

	Total	Self-employed	Small business up to 5	Medium to large business, 6+
Unweighted base =	527*	113	188	220
	%	%	%	%
Special position of/relationship with IR (the information provided to IR is completely private/confidential; provided under privilege in recognition of the special relationship individuals and businesses have with IR)	18	22	16	15
Sharing information is not IR's core business	1	2	1	0
Another example of Big Brother (a further intrusion)	1	2	2	0
Security issues (Government and government departments do not have a good record guarding confidential information; lack of security/protection; lack of checks and balances)	5	4	5	7
Misuse of information (information can be taken out of context; misused; used for other than the intended reason)	2	1	3	2
Information shared could be inaccurate, resulting in unintended downstream effects	1	2	1	2
I don't understand the need for IR to be sharing with others (why share; what's the benefit to the customer)	2	2	3	2
Sharing without prior consent is unacceptable (I don't know what information they will share, and with whom, and why)	4	3	4	7
Other reason given for not in favour	1	1	1	1
IR is part of government, so why not share with other departments (one government)	0	13	13	16

	Total	Self-employed	Small business up to 5	Medium to large business, 6+
Unweighted base =	527*	113	188	220
	%	%	%	%
Will result in greater efficiency, better administration and a more streamlined government sector (avoids duplication; having to provide the same information repeatedly)	14	9	6	4
Could result in less criminal activity (facilitate criminal investigations; improved national security)	6	29	23	27
Could result in less tax evasion and benefit fraud; keep people honest	25	2	5	3
Could result in less compliance costs for businesses	4	0	3	0
Could benefit customers with improved processes and applications	2	3	3	2
Could be useful for research and development, statistical purposes	3	2	0	2
Could help the economy (grow)	1	2	8	5
It depends on what information they will share, and with whom, and why; it's a fine line (it would need to be done for a specific and good reason)	5	2	2	2
If it was done efficiently and effectively (i.e. privacy not compromised; or processes abused), I have no problems	2	0	1	1
Could lead to mistrust of IR	1	4	1	4
I'm not bothered by this issue; I have nothing to hide	2	4	5	4
Other reason given for somewhat in favour	5	2	2	1
Will keep people honest	2	0	1	0
Will result in a fairer system, more even playing field	1	2	0	0
It is important that government is honest and transparent (and people know what is happening to their data)	1	2	1	1
Other reason given for very in favour	1	4	9	5
Don't know	7	22	16	15

Total may exceed 100% because of multiple response.

*Sub-sample excludes those who did not specify if they were in favour or not in favour of Inland Revenue sharing information with other government departments.

Table 37: Opinion about the types of government departments that Inland Revenue should share information about individual businesses

Q18. Which of the following types of government departments are you most comfortable with Inland Revenue sharing information about individual businesses?

	Total	Self-employed	Small business up to 5	Medium to large business, 6+
Unweighted base =	415*	89	147	173
	%	%	%	%
Those responsible for benefits, such as ACC and WINZ	89	89	90	95
Those responsible for criminal investigations, such as the Police and the Serious Fraud Office	83	79	86	90
Those responsible for goods, services and people coming in and out of the country, such as Customs and Immigration	80	79	82	81
Those responsible for regulating businesses, such as the Companies Office and the Department of Labour, now known as the Ministry of Business, Innovation and Employment	72	70	73	76
Or any others	5	6	3	4
None of the above	0	0	1	1
Don't know	4	2	4	1

Total may exceed 100% because of multiple response.

*Sub-sample based on those respondents who are not against Inland Revenue sharing information about individual businesses with other government departments.

Table 38: Opinion about the types of information Inland Revenue should share information with other government departments

Q19. Which of the following types of information about individual businesses would you be most comfortable with Inland Revenue sharing with other government departments?

	Total	Self-employed	Small business up to 5	Medium to large business, 6+
Unweighted base =	415*	89	147	173
	%	%	%	%
Name and contact details of businesses	86	85	86	89
Business income or turnover	56	56	59	50
Tax paid and owed by the business	57	48	62	56
Name and contact details of company directors	73	74	74	73
Tax and financial information about company directors	47	43	52	38
Tax and financial information about other companies that directors are involved with	46	37	54	37
Tax and financial information about individuals that company directors are related to	33	24	41	27
Business income or turnover (including profitability and business classification)	0	0	0	1
About employees (numbers of, IRD numbers, immigration status and other general information)	0	0	0	0
Tax paid and owed by the business	1	1	0	0
Wages & salary paid by business to employees & related information (tax codes, benefit deductions, etc.)	1	2	1	2
Income of individuals (wages & salary, benefits)	1	1	1	0
Everything	1	0	1	0
Criminal convictions	1	0	2	1
Or any other type of information	4	4	3	3
None of the above	2	1	3	3
Don't know	5	6	5	4

Total may exceed 100% because of multiple response.

*Sub-sample based on those respondents who are in favour of Inland Revenue sharing information about individual businesses with other government departments.

Table 39: Extent to which in favour or not in favour of information-sharing scenarios (other government departments)

	Total	Self-employed	Small business up to 5	Medium to large business, 6+
Unweighted base =	510*	112	182	209
	%	%	%	%
<i>Inland Revenue has identified a company that is taking on debt it cannot pay. Inland Revenue wishes to advise the Registrar of Companies so that the directors of that company can be disqualified</i>				
In favour	63	63	63	65
Not in favour	27	28	28	22
Don't know	10	9	9	14
Refused	0	0	0	0
Total	100	100	100	100
<i>Inland Revenue has identified a taxpayer who is earning income from Department of Conservation land, but he has not declared this income. Inland Revenue wishes to advise Conservation about this</i>				
In favour	75	74	74	81
Not in favour	16	17	18	11
Don't know	9	9	8	8
Refused	0	0	0	0
Total	100	100	100	100
<i>A new immigrant has told the Department of Immigration that they have made a large investment in New Zealand. However, they have not reported this investment to Inland Revenue. Inland Revenue wishes to advise Immigration about this</i>				
In favour	82	79	83	85
Not in favour	10	12	8	8
Don't know	8	9	9	7
Refused	0	0	0	0
Total	100	100	100	100
<i>Inland Revenue has identified a company which is paying staff below the minimum wage. It wishes to advise the Department of Labour about this</i>				
In favour	82	79	83	89
Not in favour	13	15	12	8
Don't know	5	6	5	4
Refused	0	0	0	0
Total	100	100	100	100
<i>Inland Revenue has identified that directors of a company are making false statements in a registered prospectus about the company's financial position. It wishes to advise the Financial Markets Authority about this</i>				
In favour	82	77	84	85
Not in favour	11	12	11	8
Don't know	7	10	5	7
Refused	0	1	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

*Unspecifieds removed

Table 40: Preferred party to oversee or manage Inland Revenue’s information-sharing practices

Q21. Which one of the following do you believe should be responsible for controlling or managing how Inland Revenue shares information with other government departments?

	Total	Self-employed	Small business up to 5	Medium to large business, 6+
Unweighted base =	401*	95	142	159
	%	%	%	%
The Commissioner of Inland Revenue	27	19	33	24
The Minister responsible for Inland Revenue	9	5	12	10
The Privacy Commissioner	29	37	23	30
The Ombudsmen	7	9	6	7
The Courts	6	7	6	7
Or someone else	4	6	2	6
None of the above	2	3	2	0
Don't know	15	13	15	17
Refused	0	0	0	0
Total	100	100	100	100

Total may exceed 100% because of multiple response.

*Sub-sample based on those respondents who are in favour of Inland Revenue sharing information about individual businesses with other government departments.

Table 41: Opinion about whether there are more benefits than risks with Inland Revenue sharing information about individual businesses with other government departments

Q22. Assuming Inland Revenue was to share information about individual businesses with other government departments, do you believe - in general - that there are more benefits than there are risks in Inland Revenue doing this?

	Total	Self-employed	Small business up to 5	Medium to large business, 6+
Unweighted base =	573	125	209	232
	%	%	%	%
More benefits	55	57	53	62
More risks	19	19	20	13
Depends	17	16	18	17
Don't know	8	8	9	6
Refused	1	0	1	2
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Table 42: Opinion about the main benefits of Inland Revenue sharing information about individual businesses with other government departments (unprompted)

Q23/24. What do you see as being the main benefits of this? TOTAL MENTIONED UNPROMPTED

	Total	Self-employed	Small business up to 5	Medium to large business, 6+
Unweighted base =	573	125	209	232
	%	%	%	%
To assist with criminal investigations	4	2	4	4
To assist with cases of benefit fraud	24	26	23	25
To assist with investigations of businesses to ensure they are working within the law	5	5	4	6
To help businesses compete and operate fairly	2	3	2	2
To reduce the cost of compliance	1	2	0	1
Ensure (via more efficient monitoring, etc.) people/businesses meet their legal obligations (pay fines, pay taxes, pay student loans, pay Child Support, child maintenance, etc.), thereby optimise tax take	8	5	10	12
Minimise income/GST, etc. tax avoidance	2	1	3	1
Minimise criminal activity (via better policing and monitoring; better criminal detection and surveillance)	15	15	14	18
Create fairer tax system (people paying what they genuinely owe, level playing field, greater honesty)	8	9	6	13
Better/more compliance by businesses (greater transparency; greater honesty and accountability, businesses operating within the law; will result in a more honest business community)	8	8	7	14
Broad social benefits (for the good of the country, results in better business activity/growth, better country to invest in, more honest culture/society/ethics generally)	2	3	2	2
Improved efficiency of public service (less duplication and double-handling, less costs, better inter-departmental cooperation, better decision-making, better services to New Zealand businesses, more efficient services)	9	8	9	10
Improved protection to shareholders/investors/creditors (by identifying unscrupulous directors)	7	7	7	8
A more positive image/reputation for IR	1	1	0	0
Other	12	14	11	11
No others	7	6	8	6
Don't know	18	18	18	13
Refused	0	0	0	0

Total may exceed 100% because of multiple response.

Table 43: Opinion about the main benefits of Inland Revenue sharing information about individual businesses with other government departments (total, including prompted)

Q23/24/25. What do you see as being the main benefits of this? TOTAL MENTIONED AFTER PROMPTING

	Total	Self-employed	Small business up to 5	Medium to large business, 6+
Unweighted base =	573	125	209	232
	%	%	%	%
To assist with criminal investigations	83	82	83	89
To assist with cases of benefit fraud	83	79	85	91
To assist with investigations of businesses to ensure they are working within the law	71	69	71	76
To reduce the cost of compliance	63	53	68	68
Improved efficiency of public service (less duplication and double-handling, less costs, better inter-departmental cooperation, better decision-making, better services to New Zealand businesses, more efficient services)	59	54	61	63
To identify businesses that are eligible for government funding	56	47	61	61
To help businesses compete and operate fairly	54	51	56	58

Total may exceed 100% because of multiple response.

Table 44: Opinion about the main risks of Inland Revenue sharing information about individual businesses with other government departments (unprompted)

Q26. What do you see as the main risks?

	Total	Self-employed	Small business up to 5	Medium to large business, 6+
Unweighted base =	573	125	209	232
	%	%	%	%
Privacy will be compromised (government departments have a poor record of managing privacy, leading to the unauthorised use of private information, release to unauthorised individuals, etc.)	42	46	40	43
Too much information/knowledge leads to an abuse of power (e.g. government departments enforcing decisions on businesses because of the information they have been provided; untrained staff making wrong judgments, etc.)	17	18	18	17
Big Brother (too much government/bureaucracy); too much interference in the private sector	5	6	5	3
Unintended consequences resulting from the sharing of inaccurate information/poor interpretation of information (difficult to correct, time-consuming to correct; costly to correct; incorrect penalties; possible loss of reputation)	10	10	9	17
Could result in too much bureaucracy (building something we can't afford as a nation)	1	0	1	1
Could result in businesses falsifying information (to hide the real state) because they know it will be shared	1	1	1	0
Could result in businesses being less likely to provide/file information	0	0	0	0
General comment about more people having access to shared information resulting in greater risks, poorer information sharing management systems (mistakes happening as a result of computer/human error)	2	2	1	2
General comment about losing trust in IR (lack of public confidence)	1	2	1	1
General comment about a loss of faith in the integrity of the tax system	1	1	1	0
I don't see too many risks really	1	1	1	1
Other	6	3	8	3
There are no risks	8	6	9	7
Don't know	19	22	16	18

Total may exceed 100% because of multiple response.

Table 45: Extent to which in agreement or disagreement that risks apply to Inland Revenue’s information-sharing practices

	Total	Self-employed	Small business up to 5	Medium to large business, 6+
Unweighted base =	573	125	209	232
	%	%	%	%
... this would lead to privacy breaches				
Agree	69	68	68	75
Disagree	15	15	15	14
Don't know	16	17	16	11
Refused	0	0	0	0
Total	100	100	100	100
... this would lead businesses to withhold information				
Agree	53	49	54	60
Disagree	30	29	32	24
Don't know	17	22	13	16
Refused	0	0	0	0
Total	100	100	100	100
... this would lead to a loss of confidence in Inland Revenue				
Agree	39	34	40	42
Disagree	44	48	43	43
Don't know	17	18	17	15
Refused	0	0	0	0
Total	100	100	100	100
... this would result in more tax evasion				
Agree	19	19	19	21
Disagree	63	61	63	65
Don't know	18	20	17	14
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Table 46: Extent to which in favour or not in favour of Inland Revenue sharing information about individual businesses with private-sector companies

Q28. Now thinking about if Inland Revenue was to share information about individual businesses with companies in the private, non-government sector. In principle, are you in favour or not in favour of Inland Revenue doing this? Would you say you are...

	Total	Self-employed	Small business up to 5	Medium to large business, 6+
Unweighted base =	573	125	209	232
	%	%	%	%
Not at all in favour	45	46	46	41
Not in favour	28	27	27	34
Somewhat in favour	21	21	21	20
Very in favour	3	2	3	3
Don't know	3	4	2	3
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Table 47: Extent to which in favour or not in favour of information-sharing scenarios (private-sector companies)

	Total	Self-employed	Small business up to 5	Medium to large business, 6+
Unweighted base =	573	125	209	232
	%	%	%	%
Inland Revenue has identified a bankrupted taxpayer as not having declared some income to the Official Assignee. It wishes to advise the Official Assignee about this				
In favour	71	69	71	78
Not in favour	14	15	15	10
Don't know	14	15	14	12
Total	100	100	100	100
Inland Revenue has identified a company moving money to a related company before being liquidated. It wishes to advise the liquidator about this				
In favour	75	74	75	79
Not in favour	15	16	15	12
Don't know	11	10	10	9
Total	100	100	100	100
Inland Revenue has identified a member of the New Zealand Institute of Chartered Accountants as having made false statements. It wishes to share this information with the New Zealand Institute of Chartered Accountants				
In favour	72	68	72	78
Not in favour	18	20	18	14
Don't know	10	12	10	7
Total	100	100	100	100
Inland Revenue wishes to share the fact that a taxpayer owes outstanding tax debt to Inland Revenue with companies that determine credit ratings				
In favour	49	47	51	48
Not in favour	38	43	34	42
Don't know	13	10	15	10
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Table 48: Extent to which in favour or not in favour of information-sharing scenarios (private-sector companies)

	Total	Self-employed	Small business up to 5	Medium to large business, 6+
Unweighted base =	573	117	193	215
	%	%	%	%
Inland Revenue has identified a bankrupted taxpayer as not having declared some income to the Official Assignee. It wishes to advise the Official Assignee about this				
In favour	71	69	71	78
Not in favour	14	15	15	10
Don't know	14	15	14	12
Refused	0	0	0	0
Total	100	100	100	100
Inland Revenue has identified a company moving money to a related company before being liquidated. It wishes to advise the liquidator about this				
In favour	75	74	75	79
Not in favour	15	16	15	12
Don't know	11	10	10	9
Refused	0	0	0	0
Total	100	100	100	100
Inland Revenue has identified a member of the New Zealand Institute of Chartered Accountants as having made false statements. It wishes to share this information with the New Zealand Institute of Chartered Accountants				
In favour	72	68	72	78
Not in favour	18	20	18	14
Don't know	10	12	10	7
Refused	0	0	0	0
Total	100	100	100	100
Inland Revenue wishes to share the fact that a taxpayer owes outstanding tax debt to Inland Revenue with companies that determine credit ratings				
In favour	49	47	51	48
Not in favour	38	43	34	42
Don't know	13	10	15	10
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Table 49: Opinion about whether there are more benefits than risks with Inland Revenue sharing information about individual businesses with private-sector companies

Q30. If Inland Revenue was to share information about individual businesses with companies in the private, non-government sector, do you believe - in general - that there are more benefits than there are risks in Inland Revenue doing this?

	Total	Self-employed	Small business up to 5	Medium to large business, 6+
Unweighted base =	573	125	209	232
	%	%	%	%
More benefits	24	22	26	24
More risks	44	48	40	47
Depends	18	18	19	20
Don't know	13	12	14	8
Refused	1	1	1	1
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Section 5. References

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